FEDERAL COAL MANAGEMENT REPORT

COMPLETED
8/3.

FISCAL YEAR 1984

BEST COPY AVAILABLE

DEC 6 1985

I 1.96/4:984

Federal Coal Management Report

Fiscal Year 1984

Annual report of the Secretary of the Interior under
Section 8 of the Federal Coal Leasing Amendments Act of 1976
(P.L. 94-377)

Serial
4860-98
annual

BEST COPY AVAILABLE

NS

PREFACE

The Federal Coal Management Report is an annual report mandated by the Federal Coal Leasing Amendments Act of 1976. This year's report, the eighth to be transmitted to Congress, focuses on the implementation of the Federal coal management program during Fiscal Year (FY) 1984.

This report is divided into five major parts: (1) Introduction; (2) Changes in the Federal Coal Management Program; (3) Management, Supervision, and Enforcement in FY 1984; (4) Litigation; and (5) Major Issues and Recommendations. There are also two appendices.

The Introduction summarizes the status of Federal coal lands and current leases and applications.

The second part briefly describes the changes to the Federal coal management program that were implemented in FY 1984.

The third part presents the FY 1984 responsibilities and activities of the Bureau of Land Management (BLM), Minerals Management Service (MMS), Geological Survey (GS), Office of Surface Mining Reclamation and Enforcement (OSM), Fish and Wildlife Service (FWS), Department of Agriculture/Forest Service (FS), and Department of Justice (DOJ).

The fourth part briefly discusses litigation concerning Federal coal activities.

The last part, as mandated, provides a brief description of current issues and recommendations for improving the Federal coal program. This section addresses the recommendations of the Commission on Fair Market Value Policy for Federal Coal Leasing and the Office of Technology Assessment Report, "Environmental Protection in the Federal Coal Leasing Program".

BEST COPY AVAILABLE

CONTENTS

	PAGE
PREFACE	i
I. INTRODUCTION	1
II. CHANGES IN THE FEDERAL COAL MANAGEMENT PROGRAM	6
III. MANAGEMENT, SUPERVISION, AND ENFORCEMENT	22
Bureau of Land Management	22
Minerals Management Service	32
Geological Survey	32
Office of Surface Mining Reclamation and Enforcement	36
Fish and Wildlife Service	38
Department of Agriculture - Forest Service	40
Department of Justice	41
IV. LITIGATION	42
V. MAJOR ISSUES AND RECOMMENDATIONS FOR 1985	45
APPENDIX A - Coal Statistics	50
APPENDIX B - Federal Coal Production Regions	69
GLOSSARY	70

BEST COPY AVAILABLE

LIST OF TABLES

TABLE		PAGE
Table 1 -	Fair Market Value Commission Recommendations and Departmental Proposals	8
Table 2 -	Office of Technology Assessment Report Options and Departmental Responses	13
Table 3 -	Results of Regional Coal Lease Sales Held During Fiscal Year 1984	25
Table 4 -	Results of Emergency Lease Application Sales Held During Fiscal Year 1984	26
Table 5 -	PRLAs Reinstated, Relinquished During Fiscal Year 1984 By State	28
Table 6 -	Producing Leases, Production, Production Value and Royalty Payments By State: Fiscal Year 1984	33
Table 7 -	Producing Leases, Production, Production Value and Royalty Payments By Region: Fiscal Year 1984	34

LIST OF FIGURES

FIGURES		PAGE
Figure 1 -	Federal Coal Leases - Fiscal Year 1984 Production By Coal Regions	3
Figure 2 -	Federal Coal Leases - Acreage By Coal Regions	4
Figure 3 -	Federal Coal Leases - Recoverable Reserves by Coal Regions	5

BEST COPY AVAILABLE

I. INTRODUCTION

The Federal Government owns one-third of the Nation's coal and indirectly affects the use of at least an additional 20 percent of the coal in the West. Approximately 75.6 million acres of coal are owned and administered by the Federal Government and are located principally in the western States. These western Federal coal lands contain as much as 60 percent of the total western coal reserve base.

In FY 1984, 104.1 million tons of Federal coal were mined (see Figure 1 for regional distribution), a slight reduction from the 105.4 million tons of Federal coal mined in FY 1983. This FY 1984 production accounted for approximately 11.6 percent of the total U.S. production, down from 13.6 percent in FY 1983. Total U.S. production in FY 1984 was approximately 899.5 million tons, as compared to 776 million tons in FY 1983. In FY 1984, total reported royalties on Federal coal leases were 57.8 million dollars, a 1.8 percent increase from the total reported royalties of 56.7 million dollars in FY 1983.

As of September 30, 1984, there were 628 Federal coal leases covering 944,550 acres and containing 17.6 billion tons of recoverable reserves. By contrast, at the end of FY 1983, there were 632 Federal coal leases on 948,575 acres containing 17.7 billion tons of recoverable reserves. Ten Federal coal leases were relinquished during FY 1984, and 6 new Federal coal leases were issued. The total acreage of leases issued in FY 1984 was 6,595 acres containing 70.2 million tons of recoverable reserves. The ten leases that were relinquished covered 10,705 acres. Modifications of existing leases as well as new lease issuances accounted for 6,680 in new acres of leases. The result is a net reduction of 4,025 acres in Federal coal leases during FY 1984. The net reduction of approximately 110 million tons in recoverable reserves is due to production from the reserves as well as relinquishment of the 10 leases in FY 1984.

Four of the 6 new leases issued in FY 1984 were processed in response to applications for lease sale. Two of these sales had been held in FY 1983. One lease was issued from a regional lease sale in Colorado in February 1984. Another lease was issued in New Mexico in September 1984 as the result of a lease exchange.

From FY 1982 through FY 1984, 67 Federal coal leases were issued and 43 leases were sold. The reasons why 24 more leases were issued than sold are several: many of the leases sold in FY 1981 and FY 1982 were not issued until the following fiscal years after the sale; 10 PRLAs were issued from FY 1982 through FY 1984; and there were several lease exchanges and partial lease assignments that resulted in new leases.

BEST COPY AVAILABLE

In FY 1984, there were 4 Federal coal lease sales covering 5,655 acres containing 39.6 million tons of recoverable reserves (Tables 3 and 4). Lease sales brought $9,767,959 in bonus bids. There were 3 emergency lease application sales and 1 regional lease sale in FY 1984. One of the leases sold in FY 1984 had not yet been issued by the end of the fiscal year. As of September 30, 1984, 137 preference right lease applications (PRLA's) remain to be processed.

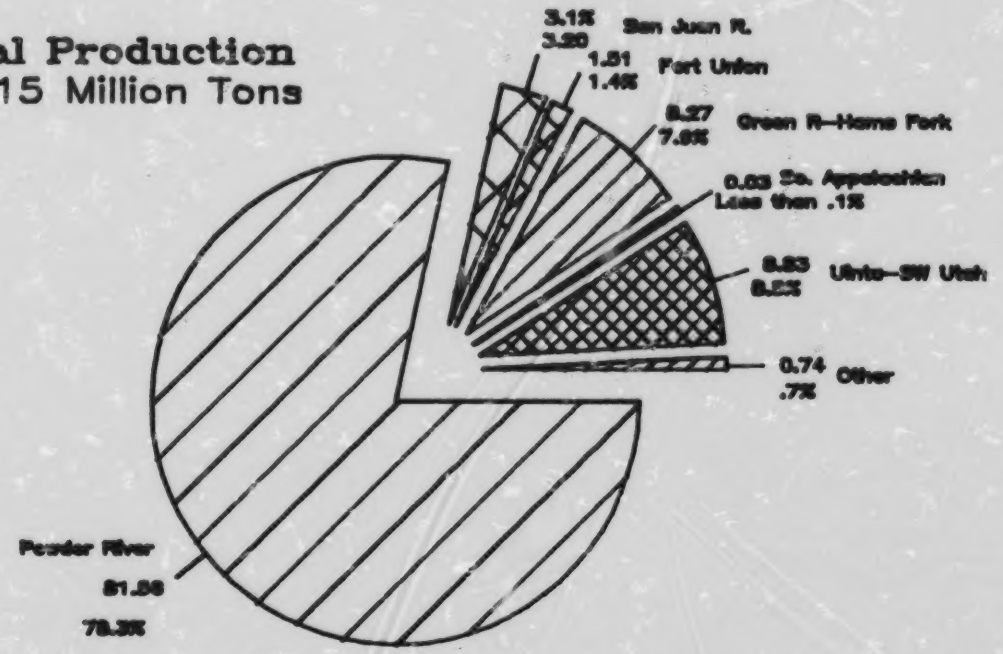
Figures 2 and 3 graphically depict the acreage and reserves of the Federal coal production regions. Appendix A (pages 49 to 68) provides a detailed description of the total U.S. and Federal coal lands and the Federal coal leases and lease applications.

BEST COPY AVAILABLE

Figure 1

Federal Coal Leases—FY 84 Production

By Coal Regions



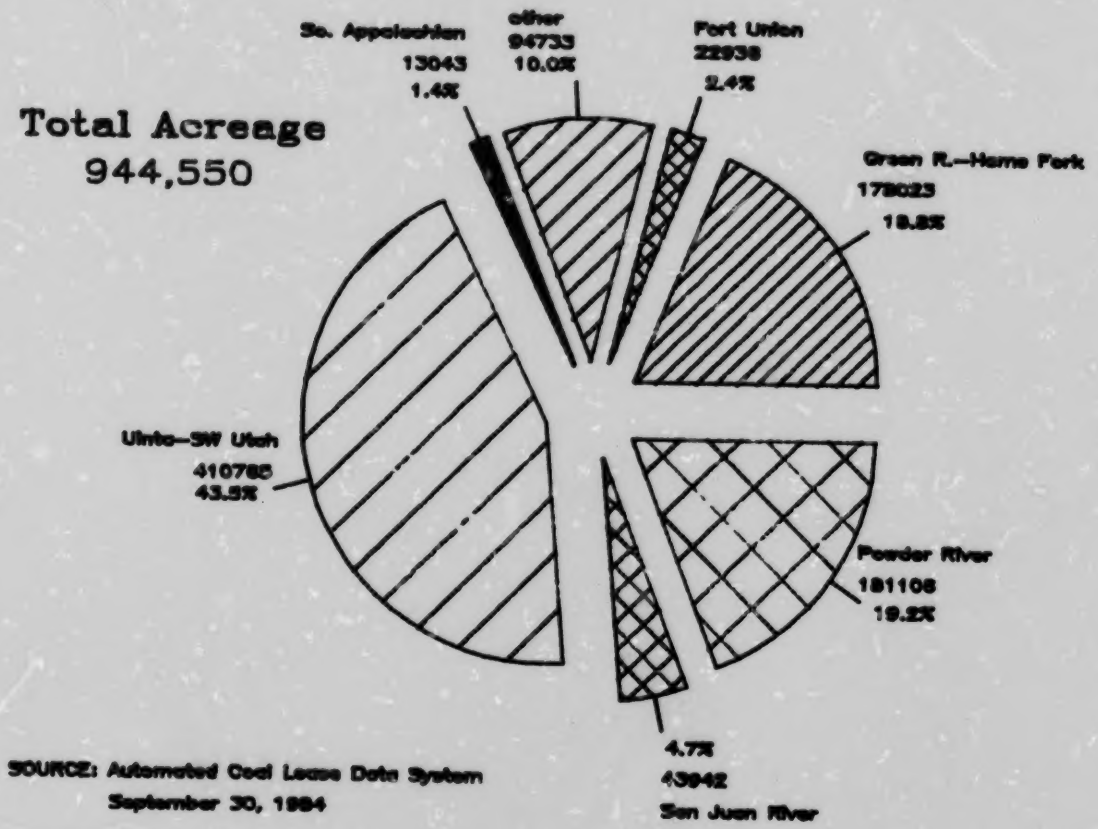
SOURCE: Minerals Management Service,
Royalty Management Office

BEST COPY AVAILABLE

Figure 2

FEDERAL COAL LEASES — ACREAGE

By Coal Regions



SOURCE: Automated Coal Lease Data System
September 30, 1984

BEST COPY AVAILABLE

BEST COPY AVAILABLE

Figure 3

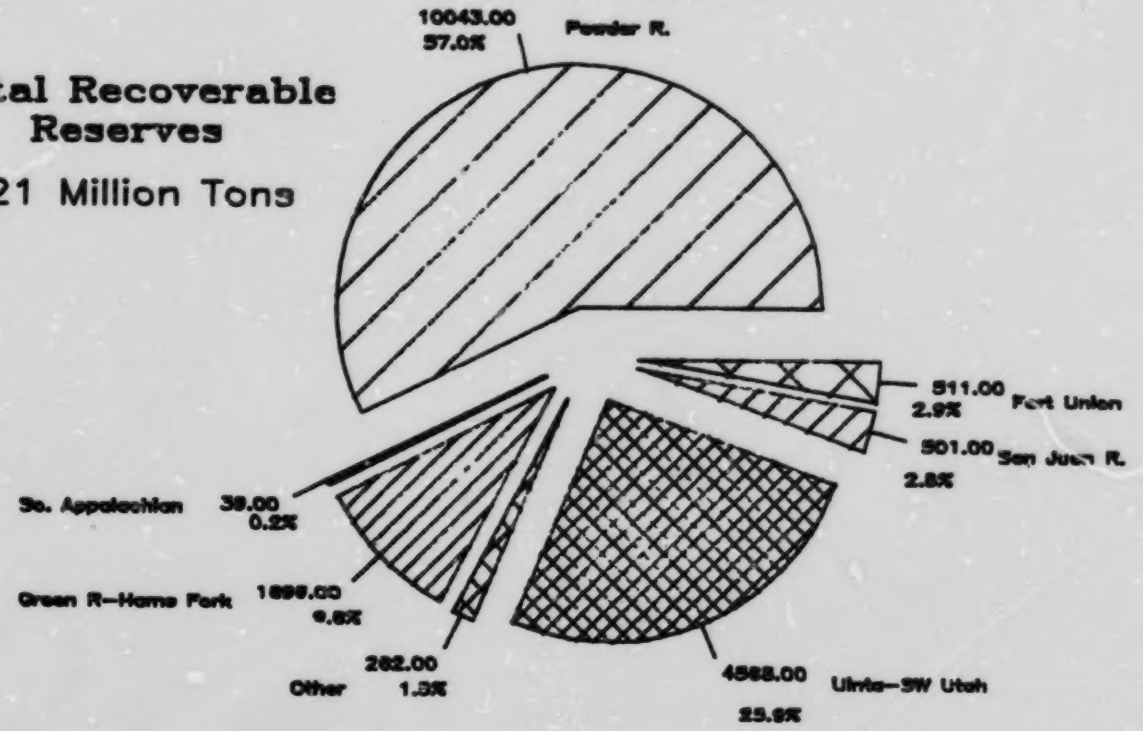
FEDERAL COAL LEASES

RECOVERABLE RESERVES

By Coal Regions

Total Recoverable Reserves

17,621 Million Tons



Source: Automated Federal and Indian Leasable Minerals System, September 30, 1984

II. CHANGES IN THE FEDERAL COAL MANAGEMENT PROGRAM

A. BUREAU OF LAND MANAGEMENT

Review of Coal Program

As a result of controversies surrounding the Department of the Interior's (DOI) leasing procedures and pursuant to PL 95-63, the Secretary of the Interior appointed the Commission on Fair Market Value Policy for Federal Coal Leasing (Linowes Commission) in Fiscal Year (FY) 1983. The Commission was directed to study the Federal coal management program and develop recommendations for improving the Department's leasing procedures to ensure receipt of fair market value (FMV). Among the issues examined were methods for estimating FMV, methods of increasing competition, and the adequacy of pre-sale planning procedures. In November 1983, the FY 1984 Appropriations Act for Interior and related agencies imposed a moratorium on holding coal lease sales or issuing Federal coal leases except for emergency leasing, lease modifications or Congressionally authorized lease exchanges until 90 days after the Commission published its report. The Commission's report, entitled "Fair Market Value Policy for Federal Coal Leasing," was made available to Congress and the Secretary of the Interior in February 1984. It contained 36 recommendations and several judgments and conclusions.

In a related action, Congress directed the Office of Technology Assessment (OTA) to assess the Federal coal program's ability to ensure the development of coal leases in an environmentally acceptable manner. The OTA report, "Environmental Protection in the Federal Coal Leasing Program," was submitted to Congress and the Secretary of the Interior in May 1984. It contained policy options for improving program effectiveness such as increasing the amount of information available to decisionmakers to facilitate the decisionmaking process. The ten areas of environmental concern addressed included:

- Reducing leasing rates;
- Decentralizing the decisionmaking process;
- Improving the effectiveness of public participation;
- Ensuring completion of comprehensive area planning before a lease offering;
- Developing means for improving the data base and access to it;
- Providing meaningful guidelines and standards for assessing data base adequacy;
- Incorporating cumulative impact assessments in pre-sale planning decisions;
- Establishing policies and procedures for environmental evaluation of lease exchanges;
- Establishing uniform procedures for environmental evaluation of preference right lease applications (PRLA)
- Evaluating policies and procedures for leasing on split-estate and checkerboard lands.

BEST COPY AVAILABLE

On March 19, 1984, the Secretary released his response to the Linowes Commission's report. In this document, entitled "Review of Federal Coal Leasing," the Secretary proposed to adopt all but one of the Commission's recommendations that are within the Department's authority to implement. The Secretary also proposed to accept the OTA policy goals/options in his response to the OTA report on July 9, 1984, "Review of Planning Considerations in Federal Coal Leasing." The Department, through the Bureau of Land Management (BLM), is developing rules, procedures and guidelines to implement the recommendations and policy goals/options of these reports and expects to have a decisionmaking process in place by August 1985. In addition, the Secretary agreed to work with Congress to address the statutory proposals set forth by the Linowes Commission. The Secretary's responses are summarized in Tables 1 and 2.

The recommendations and policy goals/options adopted provide a comprehensive framework within which responsible decisions can be made regarding future coal lease sales. The proposals will restructure the Department's decisionmaking process and enhance opportunities for public participation, and will increase the role of the regional coal teams (RCTs) and the Federal-State Coal Advisory Board to increase State and local involvement in the program. In addition, the procedures are designed to sharpen the mechanisms for selecting tracts, for conducting lease sales, and for increasing competition. The procedures will also incorporate the Commission's recommendations for validating the Department's appraisal methods.

BEST COPY AVAILABLE

TABLE 1

FAIR MARKET VALUE COMMISSION RECOMMENDATIONS AND DEPARTMENTAL PROPOSALS 1/

COMMISSION RECOMMENDATIONS	DEPARTMENTAL PROPOSALS
The government should establish and announce a coal leasing schedule to promote predictability of leasing actions. (III-I)	The Department would continue to maintain a five-year schedule and would ensure that the need for the sale was reviewed at multiple decision points. The Federal-State Coal Advisory Board would review the schedule at its annual meetings.
The States, through their participation on the regional coal teams (RCTs), should continue to assist in establishing leasing levels and in setting leasing schedules. (III-2)	The Department would continue to support State representation on the Federal-State Coal Advisory Board and the RCTs.
The government should not seek to raise the price above the competitive market level nor lease so much as to flood the market. (III-3)	In setting leasing levels, the Department would direct the RCTs to consider past lease sales, coal production capacity, coal reserve inventory, industry expressions of interest, minimum leasing, and competition for new supply contracts. All factors would be weighed against public policy needs.
The government should seek to maintain adequate diversity in the quantity and quality of Federal coal lease holdings. (III-4)	To promote diversity, tracts in many coal regions would be be offered. Tracts would be chosen for production maintenance and new production in accordance with tract delineation guidelines.
The amount of coal leased should achieve a fair return consistent with other public policy objectives. (III-5)	Policies and procedures for land use planning would continue to consider coal along with other competing uses. During activity planning, tracts would be ranked by RCTs and then analyzed in environmental impact statements (EISs). Goals other than maximizing revenues would be carefully considered.

BEST COPY AVAILABLE

TABLE 1 (CONT'D)

FAIR MARKET VALUE COMMISSION RECOMMENDATIONS AND DEPARTMENTAL PROPOSALS

COMMISSION RECOMMENDATIONS	DEPARTMENTAL PROPOSALS
Coal PRLAs should be rapidly processed to a decision point. (III-6).	The Department would continue to process coal PRLAs as quickly as possible. Also, the Department will consider the amount of coal that may be leased and mined through PRLAs in establishing leasing levels.
Tracts should be selected to enhance attainment of fair market value. (IV-1)	The factors affecting the degree of competition would be studied and listed. Procedures for analyzing alternative tract configurations will be offered for public comment.
More drilling should be sponsored and cooperative drilling should be encouraged. (IV-2)	The Department will sponsor more drilling and encourage cooperative drilling.
Cooperative leasing procedures are desirable. (IV-3)	BLM will actively pursue opportunities for cooperative leasing.
The exchange of Federal and non-Federal coal should be pursued more vigorously. (IV-4)	Fee coal exchanges should continue to be pursued carefully and prudently. Department of Justice (DOJ) review of fee coal exchanges would be requested.
Leasing policies should distinguish between new production tracts and maintenance and bypass tracts. (V-1)	Definitions for new production, maintenance and bypass tracts would be prepared and would distinguish between captive (single bidder) and potentially competitive tracts.
The government should continue to rely on bonus bidding. (V-2)	The Department will continue to employ bonus bids with fixed royalties.
Intertract bidding should be used to lease some Federal coal. (V-3)	Guidelines would be published for review and comment.

BEST COPY AVAILABLE

TABLE 1 (CONT'D)

FAIR MARKET VALUE COMMISSION RECOMMENDATIONS AND DEPARTMENTAL PROPOSALS

COMMISSION RECOMMENDATIONS	DEPARTMENTAL PROPOSALS
The Government should test the feasibility of and experiment with a variety of auction techniques. (V-4)	The Department will request public comment and consider experimentation with a variety of techniques.
Minimum submissible bids should be established on a regional basis and expressed as some amount per ton. (V-5)	Comments would be solicited on establishing minimum bids on a regional cents-per-ton basis.
The government should have the authority to negotiate a fair price for Federal coal leases where competition has failed. (V-6)	The Department would study the issue and work with Congress to determine whether a feasible approach could be defined.
Industry bids received on tracts with extensive competition, along with the government's pre-sale appraisals, can constitute important sources of information for post-bid acceptance and rejection decisions. (V-7).	Industry bids would continue to be used in acceptance and rejection procedures.
Security of confidential data before the lease sale should be assured. (V-8)	Procedures for data security will be strengthened for lease sale.
Model design, input data and analysis for estimating fair market value should be improved. (VI-1)	The use of Monte Carlo techniques would be evaluated and compared with Coal Resource Economic Value (CREV) and other similar models.
The small business tax adjustment should not be used in computing appraisal value. (VI-2)	The use of the small business tax adjustment has been eliminated.
The comparable sales adjustment should include factors identified as appropriate on the basis of comprehensive review. (VI-3)	Professional comment would continue to be sought on appraisal techniques in the areas of economies of sale, production rate, and royalty severance tax adjustments.

BEST COPY AVAILABLE

TABLE 1 (CONT'D)

FAIR MARKET VALUE COMMISSION RECOMMENDATIONS AND DEPARTMENTAL PROPOSALS

COMMISSION RECOMMENDATIONS	DEPARTMENTAL PROPOSALS
Estimates of tract value for noncompetitive tracts should be based on value to the adjoining coal owner or mine. (VI-4)	Public comment would be sought on how best to evaluate captive tracts.
Regulations should require lessees to report details of lease assignments. (VI-5)	Public comment would be sought on specific guidance to field offices on what details should be required.
Bidders should provide data on prices and other terms of private coal transactions for comparability analysis. (VI-6)	Recommendation not accepted.
The Department's capacity to perform appraisals should be enhanced. (VI-7)	The number of highly qualified mineral appraisers would be increased, professional capabilities of existing personnel would be enhanced, and the use of private sector appraisers would be considered.
Congress should consider allowing a 10-year extension on the diligence requirement for post-FCLAA leases. (VII-1)	The Department would work with Congress on this issue.
For pre-1976 coal leases, advance royalties should be paid at the time of the next lease readjustment. (VII-2)	Similar incentives should exist for pre - and post-FCLAA lessees.
Congress should examine the need for limiting payments for surface owner consents. (VII-3)	No change or review of this issue should begin until Congress finishes examining it.
Congress should consider giving the Secretary authority to lower royalty rates for a coal lease sale. (VII-4)	The Department would be pleased to work with Congress on this issue.
The basis for calculating Federal royalty payments should be the FOB price minus all State and local severance taxes. (VII-5)	This issue was deferred to Congress.
Congress should consider a review to assess whether shippers for coal are adequately protected from anticompetitive or discriminatory practices. (VII-6)	No position was taken on this issue.

BEST COPY AVAILABLE

TABLE 1 (CONT'D)

FAIR MARKET VALUE COMMISSION RECOMMENDATIONS AND DEPARTMENTAL PROPOSALS

COMMISSION RECOMMENDATIONS	DEPARTMENTAL PROPOSALS
Tract delineation teams should have an economic analysis capability. (VIII-1)	Economic analysis capability would be added to tract delineation teams.
A centralized economic appraisal function should be organized for policy, and policy implementation should be on a regional basis. (VIII-2)	This reorganizing effort is now being undertaken.
The centralized coordination group should develop a uniform appraisal method. (VIII-3)	Appraisal procedures would be continued to be defined.
The sale panel should have appraisal expertise. (VIII-4)	Qualifications for sale panel members would be published for review and comment.
The Inspector General should conduct periodic audits of the coal program. (VIII-5)	The Inspector General would conduct periodic audits and a complete review of the program.

1/ Commission recommendations and Department of the Interior proposals are abridged. For the full text, see Review of Federal Coal Leasing, March 19, 1984.

BEST COPY AVAILABLE

TABLE 2

OFFICE OF TECHNOLOGY ASSESSMENT REPORT OPTIONS AND DEPARTMENTAL RESPONSES 1/

OPTION	RESPONSE
1. Reduce leasing rates	a. RCTs will consider existing resources and amount of data gathering and analysis needed to resolve issues when developing long-range schedules.
	b. Decisions on leasing levels and final sale offerings will be based on a variety of factors, including market conditions and environmental concerns.
	c. Market conditions and environmental concerns are to be weighed by the RCTs in making recommendations to the Department.
	d. Smaller and more frequent sales will be held to gauge the market better and obtain information to use in later sale decisions.
2. Decentralize decisionmaking authority	a. The Department will accept RCT recommendations unless a clear reason exists not to do so, and will explain this reason in writing.
	b. The RCT Chairman will be the BLM State Director from the State primarily involved.
3. Improve effectiveness of public participation	a. BLM will develop and release land use planning and activity calendars, identifying points for public involvement.

BEST COPY AVAILABLE

TABLE 2 (CONT'D)

OFFICE OF TECHNOLOGY ASSESSMENT REPORT OPTIONS AND DEPARTMENTAL RESPONSES

OPTION	RESPONSE
	b. The public will be invited to participate in the call for coal and other resource information at the onset of land use planning.
	c. Availability of maps and other information describing the application of the unsuitability criteria will be announced to the public.
	d. Activity planning will begin with an RCT meeting to review a market analysis and the summary of the land use planning data and decisions.
	e. The notice for the first RCT meeting in activity planning will also announce the availability of the market analysis report and summary information at least 45 days before the RCT meeting.
	f. All decision documents will specify the nature of the decision, the key factors leading to it, supporting information (or a reference to the document containing it), and an easily understood summary.
	g. RCTs will use representative working groups, including all segments of the community to develop information for RCT consideration.

BEST COPY AVAILABLE

TABLE 2 (CONT'D)

OFFICE OF TECHNOLOGY ASSESSMENT REPORT OPTIONS AND DEPARTMENTAL RESPONSES

OPTION	RESPONSE
	h. BLM Manuals and regulations will specify minimum time-frames for public comments, which will be no less than 30 days for a land use planning or activity planning document.
4. Ensure that comprehensive area planning is completed before offering leases.	a. BLM will expeditiously complete RMPs and initiate new coal activity planning only for areas where RMPs have been completed. For areas outside coal production regions and where regions are abolished, MFP coal amendments may be used for coal leasing decisions where no RMP is completed.
	b. Before tract delineations, RCTs will use existing land use plans as a base to identify issues to be addressed and data to be gathered as part of activity planning.
	c. BLM will take necessary steps to ensure better coordination with the FS.
	d. BLM will improve coordination with other Federal agencies, State and local governments and private organizations.
5. Develop a means of improving the data base and access to it.	a. BLM will prepare supplemental program guidance to clarify program-specific resource management planning requirements.

BEST COPY AVAILABLE

TABLE 2 (CONT'D)

OFFICE OF TECHNOLOGY ASSESSMENT REPORT OPTIONS AND DEPARTMENTAL RESPONSES

OPTION	RESPONSE
	b. BLM will prepare, in consultation with other agencies, data adequacy standards and guidelines.
	c. BLM will investigate new sources of data, such as requiring exploration licensees to gather hydrologic and soils data.
	d. A BLM/OSM working group will suggest ways to search, extract, and apply mine plan data.
	e. BLM will refine and integrate various systems (such as Automated Lands and Minerals Record System (ALMRS), Geographical Inventory Systems (GIS), Ecological Site Inventory System (ESIS), Integrated Habitat Inventory and Classification System (IHICS) to increase their availability.
6. Providing meaningful guidelines and standards for assessing the adequacy of the data base.	a. At the beginning of land use planning, BLM will include a call for other resource information to aid in evaluating lands for possible lease sale.
	b. Information from the call for resource information, along with BLM data bases, will be used to eliminate lands of little interest for development or land that has limited coal resources but appears to have a large number of resource conflicts and limited data to resolve them.

BEST COPY AVAILABLE

TABLE 2 (CONT'D)

OFFICE OF TECHNOLOGY ASSESSMENT REPORT OPTIONS AND DEPARTMENTAL RESPONSES

OPTION	RESPONSE
	c. A single summary of all land use plans to be used in a round of regional coal activity planning will be prepared for the initial RCT meeting and be available to the public before the meeting.
	d. Tract profiles will include assessments of the coal and noncoal information and other data needed to adequately evaluate the tract.
	e. RCTs will use data assessments in the tract profiles in ranking tracts before their selection for the regional coal leasing EIS. Tracts lacking large amounts of data will be ranked as less desirable and may be dropped altogether.
	f. In their final recommendations, RCTs will separately identify any tracts not recommended because data is insufficient to adequately assess the tract (except data normally acquired at the mine permitting stage).
	g. RCTs will identify tracts with data problems without considering the EIS alternative(s) in which the tract was analyzed or of the effect its deletion would have on the recommended leasing level.
	h. Three science advisors will be appointed by the RCT Chairman, after consulting

BEST COPY AVAILABLE

TABLE 2 (CONT'D)

OFFICE OF TECHNOLOGY ASSESSMENT REPORT OPTIONS AND DEPARTMENTAL RESPONSES

OPTION	RESPONSE
	the other members, to serve as ex-officio members on a test basis to assist the RCT in evaluating data.
	i. OSM will assist BLM in evaluating data to assure that tracts leased will have a high probability of meeting SMCRA requirements.
7. Incorporate cumulative impact assessments in pre-sale planning decisions.	a. BLM will apply the four coal screens sequentially from the top down, except where it appears to be more efficient to apply them in another order.
	b. In their review of cumulative impacts of coal development, the RCTs will consider any threshold analysis performed during land use planning and will expand this analysis, where appropriate, to the broader area.
	c. BLM will review the effect of 1982-1983 unsuitability criteria rule changes, asking interested parties for their concerns and for information of the effects of the changes and reporting on the need for revisions. A report will present BLM's findings and conclusions for procedures, guidelines, and data adequacy.
	d. BLM will work with other organizations to refine the threshold concept and make any proposed guidance available for public comment.

BEST COPY AVAILABLE

TABLE 2 (CONT'D)

OFFICE OF TECHNOLOGY ASSESSMENT REPORT OPTIONS AND DEPARTMENTAL RESPONSES

OPTION	RESPONSE
	e. BLM will reinstate the consideration of threshold analysis in the coal management regulations.
8. Establish policies and procedures for environmental lease exchanges.	a. The Department will direct a thorough review of the BLM Land Exchange Manual and, if needed, provide more detailed guidelines on land and lease exchanges.
	b. The Department will explore, with Congress, the possibility of providing the Secretary with general lease exchange authority.
9. Evaluate policies and procedures for leasing on split estate and checkerboard areas.	a. Review of split estate and checkerboard land issue should be sponsored by Congress.
10. Establish uniform procedures for environmental evaluation of preference right lease applications.	a. BLM will prepare monthly reports to document the status of each PRLA.
	b. RCTs will receive a copy of the PRLA monthly report and will consider the amount of coal in PRLAs in making regional coal leasing recommendations.

1/ OTA options and Department of the Interior responses are abridged. For the full text see Review of Planning Considerations in Federal Coal Leasing, July 9, 1984.

BEST COPY AVAILABLE

To obtain public comment on the proposed coal program changes, BLM held meetings in July in Denver, Colorado. The meetings consisted of a separate discussion session with industry representatives, environmental groups and State Government representatives. The topics discussed included techniques for and interpretations of market analyses, proposed rulemakings, tract definitions and delineation procedures to enhance competition, drilling programs and sharing of results, data adequacy, and various approaches to sales, auctions and bidding.

As part of the overall program review process, the Secretary decided on August 30, 1984, to prepare a supplement to the 1979 programmatic environmental impact statement (EIS) on Federal coal leasing. The EIS supplement will review the assumptions and projections described in the 1979 EIS because the conditions that formed the basis of the 1979 analysis may have changed during the last five years.

To facilitate public comments on the scope of the EIS supplement, the BLM scheduled several public meetings in September and October, 1984. A total of five meetings were held in Denver, Colorado; Washington, D.C.; Billings, Montana; Santa Fe, New Mexico; Salt Lake City, Utah.

The EIS supplement will analyze as its proposed action the potential impacts of the program which was identified as the preferred alternative in the 1979 EIS. The proposed action will reflect those 1982 and 1983 rule changes and procedural changes resulting from recent program reviews. Three other alternatives will also be analyzed: no new leasing, emergency and preference right leasing only, and leasing by application only. The draft EIS supplement was made available for public comment in February 1985. The final EIS supplement reflecting public comments is scheduled for completion in August 1985. The Secretary will then reach a decision on whether to continue the existing program or to select an alternative program.

Federal-State Coal Advisory Board Charter

The charter establishing the Federal-State Coal Advisory Board, originally filed in 1980, was allowed to expire in March 1984 so that the Secretary's proposed changes resulting from the coal program review could be included in the new charter. The board's purpose is to provide advice to the Secretary concerning regional coal leasing. Members of the board are Bureau officials and Governors (or their representatives) from each coal region State, who make up the RCTs, the Governor (or his/her representative) of Oklahoma, and the BLM Director as Board Chairperson.

The charter has been revised to reflect the expanded role of the board and the RCTs as discussed in the Secretary's response to the Linowes Commission and OTA reports on the coal program. As a result of meetings in April and July 1984 among Department and BLM officials and the Governor's representatives, agreement was reached on specific language for the revised charter which took effect on October 26, 1984. Under this new charter, the board

BEST COPY AVAILABLE

reviews and makes recommendations on the Department's long-range coal planning schedule and the steps and resources needed to achieve the schedule. The RCTs, as subcommittees of the board, serve as important tools for balancing State, regional and national environmental, social and economic concerns in the coal management program.

The following items are provided for in the charter: (1) RCT input in setting long-range schedules; (2) increasing information available to the RCTs; (3) improving public participation; (4) involving State personnel in preparing material for RCT consideration; (5) acceptance by the Department of RCT recommendations unless there is a clear reason not to do so; (6) the lead State Director as chairman of the RCT; and (7) RCT review of the adequacy of available information and the quality of analysis.

BEST COPY AVAILABLE

III. MANAGEMENT, SUPERVISION, AND ENFORCEMENT

The BLM, MMS, GS, OSM, and FWS carried out a number of the requirements of the Federal coal program in FY 1984. Additional responsibilities relating to Federal coal leasing are carried out by agencies outside the Department of the Interior (DOI), particularly by the U.S. Forest Service (FS) and the Department of Justice (DOJ).

A. BUREAU OF LAND MANAGEMENT

The BLM serves as the focal point for conducting DOI's coal policy review and is responsible for assuring interagency coordination for implementing the Federal coal program. The BLM is also DOI's focal point for coordination with State and local governments, industry, environmental groups, and other Federal agencies concerned with the management of Federal coal. The BLM's responsibilities in the Federal coal program include preparing land use plans or, where Federal interests are not large enough to justify a plan, a land use analysis, both of which include surface owner consultation and application of the unsuitability criteria. The BLM is responsible for estimating both the quantity and quality of Federal coal, delineating potential lease tracts, and evaluating the economic value of coal resources for lands proposed for leasing or exchange. The BLM also participates in selecting and recommending to the Secretary the tracts to be offered for lease, as well as preparing analyses of those tracts and the regional coal lease sale EIS. In addition, the BLM processes coal lease applications and coal exchanges.

The BLM also approves, inspects, and enforces all post-lease operations responsibilities except reclamation. The responsibilities are detailed in the Mineral Lands Leasing Act (MLLA) and in the 43 CFR 3480 regulations. Included are the approval of exploration and mining plans, logical mining units (LMU's) and other associated operations issues, such as diligence. The BLM is solely responsible for the verification of all production from Federal coal leases to ensure the proper payment of production royalties.

Land Use Planning

The first two major steps for coal leasing in the Federal coal program are land use planning by the surface management agency and regional activity planning guided by the RCTs. Land use plans are generally either management framework plans (MFPs) or resource management plans (RMPs). Prior to the adoption of the 1979 rules on planning, programming, and budgeting for public land and resources (43 CFR 1600), all land use plans were MFPs. The rules now require that all new land use plans be RMPs, although existing MFPs may be amended, rather than an RMP prepared. Future rounds of regional activity planning, however, must be based on RMPs.

Decisions resulting from the land use planning process identify resource uses, including lands acceptable for further consideration for coal leasing. These areas are identified after placing all lands in a planning area through four coal leasing screens that are integral to the planning process. These screens are:

BEST COPY AVAILABLE

1. Areas are eliminated from coal leasing consideration if they do not have coal development potential.

2. Additional coal areas are eliminated if they are judged unsuitable, using the 20 unsuitability criteria found at 43 CFR 3461.

3. Additional coal areas may be eliminated on multiple-use grounds if other resource values are determined to be superior to coal.

4. Surface owner consultation may also result in the elimination of lands minable by surface mining methods from further consideration for leasing in areas where a significant number of qualified surface owners oppose surface coal mining.

Regional Activity Planning

Regional activity planning (defined in 43 CFR 3420) for coal within a Federal coal production region follows completion of the land use planning. Coal activity planning involves a call for expression of leasing interest, the establishment of leasing levels, and the delineation, ranking, selection, and scheduling of tracts for lease sale from the land identified in the land use plan as areas acceptable for further consideration for leasing. The RCTs play a crucial role throughout the activity planning process.

A regional EIS is prepared during activity planning and is the National Environmental Policy Act (NEPA) analysis for the proposed sale. The regional leasing level is used to guide the preparation of the EIS and the proposed action alternative must fall within the leasing level range. Participation of State and local governments is actively sought during preparation of this EIS. Before making a final leasing decision, the Secretary consults with the Governors of the affected States. This final decision includes whether to offer coal, and if so, how much coal to offer, which tracts to offer, when to hold the lease sale(s), and how the coal will be offered (special leasing opportunity, intertract bidding, cooperative leasing etc.)

In response to the Linowes Commission and OTA reports, several changes in the activity planning process have been proposed. These proposals would incorporate the use of market analyses into the coal leasing consideration process. Market analyses would be used by an RCT in its decision on whether a new round of activity planning should be initiated, in its examination of and recommendations for the leasing level, and in its recommendations regarding the need for a sale and if so, a lease sale schedule. Several data review procedures would be added throughout activity planning, including an RCT review of unresolved issues and data problems in land use plans, an assessment of the available data in preparing site-specific environmental analyses (tract profiles), the experimental use of science advisors, and the identification of tracts not recommended by the RCT for lease sale because of data inadequacies. Any additional inventories or surveys to correct data inadequacies would be site-specific on tracts already delineated, rather than on the entire land use planning area.

BEST COPY AVAILABLE

The ranges of leasing levels will be established based on recommendations by the RCTs and will take public comments into account. The Department will establish leasing levels that promote rational leasing decisions that will not adversely impact the coal market. The amount of preference right leasing will be considered in determining the appropriate level of future regional coal leasing. Market factors used in setting leasing levels will also be reexamined prior to the lease sale for tracts scheduled for more than 120 days after the decision.

The Department will continue to maintain a long-range (5-year) planning schedule that will be developed in consultation with the Federal-State Coal Advisory Board.

Regional Activities

With one exception noted below, no regional coal lease sales were held during FY 1984 due to the Congressional moratorium and the review of the coal program by the Linowes Commission and OTA. Activity planning work concentrated on completion of regional draft and final EISs.

Final regional EISs were filed with the Environmental Protection Agency (EPA) for the following regions: Uinta-Southwestern Utah in October 1983; Southern Appalachian in December 1983; and San Juan River in March 1984. In addition, draft EISs for the Green River-Hams Fork Region (August 1983) and the Powder River Region (January 1984) were completed and released for public comment. Activity planning for the Fort Union Region was initiated by calling for expressions of interest from industry early in 1984 and beginning tract delineation. A reexamination of all existing activity planning products will be conducted when the RCTs reconvene in 1985.

Under a specific exemption from the Congressional moratorium on regional coal leasing, one sale was held in the Uinta-Southwestern Utah Region. The Paonia D Seam Tract in Colorado, covering 4,999 acres containing 36.7 million tons of recoverable reserves, was sold for $9,542,041 in February 1984 (See Table 3).

Leasing by Application

The coal leasing regulations in 43 CFR 3425 provide for an application process through which the Department will consider holding Federal coal lease sales apart from the regional leasing process. Essentially, there are two types of applications, those for Federal coal located outside Federal coal production regions and those for emergency situations within coal production regions. Emergency lease sales are held when the coal applied for is needed within 3 years to maintain production at existing mines or to meet contractual obligations or to prevent the bypass of Federal coal. In FY 1984, three emergency lease sales were held: one in Colorado, one in North Dakota, and one in Kentucky. The total acreage of the three leases sold was approximately 655 acres containing a total of 2.9 million tons of recoverable reserves (See Table 4).

BEST COPY AVAILABLE

BEST COPY AVAILABLE

TABLE 3

RESULTS OF REGIONAL COAL LEASE SALES HELD DURING FY 1984 1/

State (Region)	Date Of Sale	High Bidder	Serial No.	Tract Name	Acres	Recoverable Reserves (Mil. Tons)	Royalty Rate (Percent)	Bonus Bid ($/Acre)
Colorado (Uinta-SW Utah)	2/16/84	Colorado Westmoreland Inc.	C37210	Paonia D	4,999	36.70	8.0	1,908.79

1/ The Paonia D Tract was specifically exempted by Congress from the leasing moratorium imposed by Public Law 98-146.

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Office of Resource Evaluation and Program Development, Automated Coal Lease Data System, September 30, 1984.

TABLE 4

RESULTS OF EMERGENCY LEASE APPLICATION SALES HELD DURING FY 1984 1/

State	Date of Sale	High Bidder	Serial No.	Acreage	Recoverable Reserves (In Mil. Tons)	Royalty Rate (Percent)	Bonus Bid ($/Acre)
Colorado	03/08/84	U.S. Steel Corp.	C36446	78.51	.70	8.0	101.27
Kentucky 2/	12/20/83	River Processing Inc.	ES30967	197.00	.37	8.0	894.00
North Dakota	12/15/83	North American Coal Co.	M59727	380.00	1.83	12.5	110.00
TOTAL				655.51	2.90		

1/ Because of the moratorium imposed by the FY 1984 Appropriations Act for Interior, all lease applications were required to meet the emergency leasing criteria during FY 1984.

2/ This lease had not been issued as of September 30, 1984.

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Office of Resource Evaluation and Program Development, Automated Coal Lease Data System, September 30, 1984.

BEST COPY AVAILABLE

Preference Right Lease Applications

Prior to enactment of the Federal Coal Leasing Amendments Act (FCLAA) of 1976, as a result of activity undertaken under a prospecting permit issued under Section 2(b) of the MLLA, a permittee could submit a preference right lease application (PRLA). If the Secretary determined that coal had been found in commercial quantities, he could issue a noncompetitive preference right lease. The FCLAA abolished preference right leasing except for PRLAs that resulted from prospecting permits issued on or before August 4, 1976. As of September 30, 1984, there were 137 PRLAs pending (see Table 5 for details). Six PRLAs filed by Peabody Coal Company in Wyoming were reinstated during the fiscal year as a result of an Interior Board of Land Appeals (IBLA) decision. In addition, 6 prospecting permits in Utah, reinstated by court action, could mature to PRLAs upon completion of exploratory drilling. During FY 1984, no preference right leases were issued due to a review of the BLM's PRLA processing policies and procedures.

In June 1983, BLM headquarters staff reviewed field-prepared environmental documents for compliance with NEPA and DOI policy and procedures. This review culminated in a decision by the BLM Director to prepare EISs on an area or region-wide basis for most pending PRLAs; 41 PRLAs were exempted as having been adequately considered and discussed in previous NEPA documents. Preparation of three areawide or regional EISs covering 76 of the 137 pending PRLAs was begun during the FY 1984. Completion of draft and final EISs, however, was delayed pending review of BLM's policies and procedures for processing PRLAs.

In addition, the BLM is developing procedures to consider costs of compliance with environmental mitigation measures as part of the commercial quantities determination. While the Secretary of the Interior has no discretion to refuse issuance of a preference right lease if a prospecting permittee shows a discovery of coal in commercial quantities, the Secretary must, however: (1) comply with NEPA, (2) develop appropriate environmental impact mitigation measures, and (3) consider the cost of those mitigation measures in determining commercial quantities.

As part of the FY 1985 Appropriations Act for Interior and related agencies, Congress continued a FY 1984 ban on processing PRLAs in all BLM Wilderness Study Areas and Forest Service Rare II Areas. This action affects a total of 22 PRLAs in New Mexico, Utah and Montana.

Exchanges Involving Coal

The Department conducts two types of exchanges that involve transfer of coal mineral rights. Where specifically allowed or directed by law, the Department may award a coal lease of equal value to a Federal or Indian coal lease holder in return for relinquishment by the lessee of an existing lease.

BEST COPY AVAILABLE

TABLE 5

PRLAs REINSTATED, RELINQUISHED DURING FY 1984
BY STATE

State	Number Of PRLAs 10/1/83	Acres	PRLAs 1/ Reinstated	Acres	PRLAs Relinquished	Acres	Number Of PRLAs 9/30/84	Acres
Alaska	2 2/	5,120	-	--	--	--	2	5,120
Colorado	17	32,671	-	--	--	--	17	32,671
Montana	4	14,673	-	--	--	--	4	14,673
Nex Mexico	26	75,509	-	--	--	--	26	75,509
Utah	12	39,549	-	--	--	--	12	39,549
Wyoming	72	140,358	6	9,120	2	517	76	148,961
Total	133	307,880	6	9,120	2	517	137	316,483

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Office of Resource Evaluation and Program Development, Automated Coal Lease Data System, September 30, 1984.

1/ Six Peabody PRLAs containing 9,120 acres were reinstated by order of IBLA on February 9, 1984.

2/ Two PRLAs in Alaska are pending transfer to Arctic Slope Regional Corp.

BEST COPY AVAILABLE

Under special legislation, Congress has given the Department discretion, or has directed the Department, to exchange specific coal leases as a means of protecting sensitive areas or compensating lessees for leased lands rendered unminable by Federal actions. Enactment of the Federal Coal Leasing Amendments Act of 1976 (FCLAA) removed the Department's general authority to issue leases non-competitively, a revocation that has ruled out all lease exchanges except for those specifically legislated by Congress. Each lease exchange has a NEPA analysis before a decision is made.

The BLM considers section 206 fee coal exchanges on a case-by-case basis in response to proposals from private fee coal owners. There are some instances where BLM field officials may also identify coal land areas during land use planning as having fee coal exchange potential. The two recently completed and three proposed fee coal exchanges were, however, undertaken at the behest of the private fee coal owner. The environmental impacts of proposed exchanges are studied under NEPA before any exchange is completed, and the number of future fee coal exchanges is expected to be small. As a result, there is no reason to study these in the FES supplement or to consider a separate programmatic EIS on fee coal exchange.

Public Law 95-554, enacted in October 1978, authorizes the Secretary to issue coal leases on other lands in Wyoming in exchange for the relinquishment of all or portions of nine coal leases crossed by Interstate Highway I-90. The nine leases affected by the I-90 exchanges are held by six lessees. One exchange was completed in FY 1982 and a second in FY 1983. During FY 1984, the Department and the other four lessees were in various stages of negotiation.

During FY 1984, the Department completed a coal lease exchange with Sunbelt Mining Corporation in New Mexico. Under this exchange, which was mandated by Public Law 96-475, Sunbelt relinquished two leases totaling 2,045.61 acres in the Bisti Wilderness Area in exchange for a Federal coal lease covering 927.82 acres containing 28.77 million tons of recoverable coal reserves outside the Bisti Wilderness Area. This new lease is adjacent to another lease held by Sunbelt. Completion of this exchange protects the Bisti Wilderness Area from coal development while providing coal reserves of equivalent value to Sunbelt.

In addition to these statutorily authorized coal lease exchanges, the Department worked on two fee coal exchanges in FY 1984 under Section 206 of the Federal Land Policy and Management Act (FLPMA). These fee coal exchange proposals involve lands located in the Wyoming portion of the Green River-Hams Fork Region and the New Mexico portion of the San Juan River Region. In the proposed Teton Valley Ranch Exchange in Wyoming, the Federal Government would acquire private land within the National Elk Refuge in exchange for Federal coal in the Point of Rocks coal reserve. The private landowners intend to offer the coal deposits to Rocky Mountain Energy to use as an extension of an existing mine. BLM is studying the proposal in cooperation with the U.S. Fish and Wildlife Service (FWS); the land transfer is expected to take place in mid-FY 1985 if the exchange is completed.

BEST COPY AVAILABLE

The Santa Fe Mining Company has been negotiating with the Department for several years to exchange fee title to certain coal bearing lands in McKinley County, New Mexico, for public coal bearing lands in the same area. During FY 1984, discussion centered on an area involving segments of private land holdings containing coal deposits which are affected by the creation of the Chaco Cultural National Historical Park, where coal mining is prohibited. The public lands to be exchanged are located near an operating coal mine, which the exchange proponent has identified as a potential bypass situation. The Department is scheduled to make a decision on the area proposed for exchange in mid-FY 1985. Negotiations on the portions outside the Santa Fe-Chaco area resumed in September 1984. No decision on this exchange proposal is expected during FY 1985.

Two statutes authorize credits against payments due the Federal Government in lieu of exchanges. In early FY 1984, an amendment to Public Law 96-476, the Rattlesnake National Recreation Area and Wilderness Act of 1980, was enacted. Public Law 96-476 authorized the Department to issue coal lease bidding rights to Montana Power Company in exchange for relinquishment to title to lands owned by Montana Power in the Rattlesnake National Recreation Area. The bidding rights could be used by Montana Power as credits against bonus bids or royalty and rental payments due on Federal coal leases. The amendment enacted in 1984 allows Montana Power to use bidding rights to satisfy up to 50 percent of any Federal coal lease financial obligation and to use cash to satisfy the other 50 percent, with all of the cash being returned to the State of Montana under the revenue distribution provision of the MLLA. In the absence of such an amendment only one-half of whatever cash amount paid by Montana Power to satisfy a Federal coal lease financial obligation could have been returned to the State of Montana. A certificate of bidding rights in the amount of $14.3 million was issued to Montana Power on November 19, 1983, at which time Montana Power deeded its land in the Rattlesnake Recreation Area to the United States.

Public Law 96-466, enacted in January 1983, established the Cranberry Wilderness Area in the Monongahela National Forest, West Virginia. The Act directed the Secretary, among other things, to acquire all non-federally-owned coal deposits and other mineral interests within the area and to give their owners monetary credits in exchange. These credits can be used as credits against payments due the Federal Government on mineral leases or other Federal property competitively obtain Negotiations between the Department and the private party affected, CSX Corporation, continued during FY 1984 on the value of CSX's land and resource holdings within the Cranberry Wilderness Area. The government's offer to purchase CSX lands was accepted on October 23, 1984. A check for $14.7 million was transmitted to CSX on December 12, 1984.

Lease Management

Under the original 1920 Mineral Lands Leasing Act (MLLA), coal leases were issued for indeterminate periods subject to readjustment at the end of every 20-year period. At the first readjustment after FCLAA, the leases are readjusted to conform to the FCLAA Requirements. The terms and conditions of 34 such leases were readjusted during FY 1984. Five coal leases were modified to include additional lands and 10 applications for modifications were being processed at the end of FY 1984. (See Table A-7 in Appendix.)

BEST COPY AVAILABLE

Exploration Plans

The BLM receives and approves all exploration plans for unleased and leased Federal coal. Exploration plans must be consistent with the terms of the license or lease, contain the elements addressed in the regulations (43 CFR 3482.1(a)), and certain reclamation provisions. Exploration plans may be modified as exploration proceeds. During FY 1984, 13 exploration plans (includes major modifications) were processed by BLM and exploration operations included in these plans were monitored for plan compliance.

Resource Recovery and Protection Plans

The BLM receives all resource recovery and protection plans (R2P2's) for mining operations for Federal coal and recommends a Department position regarding R2P2 approval. Prior to commencement of any mining operation on Federal coal, an R2P2, among other requirements, must be approved. The R2P2 must address the MLLA requirements contained in the regulations (43 CFR 3482.1(c)), must be consistent with the lease terms, and may be modified as mining proceeds. The reclamation aspects of Federal coal mining are the responsibility of OSM (or the State Regulatory Authority (SRA) if there is an approved State program). During FY 1984, 9 R2P2's were processed.

Logical Mining Units

The 1982 coal regulations removed the provisions which designated all Federal leases to be logical mining units (LMUs). As a result, the formation of an LMU is once again a discretionary action made at the request of a lessee, based on lessee-specific production and economic factors. The BLM receives and approves all LMU applications. With the 1982 regulatory change, lessees are carefully weighing the advantages of being included in an LMU. Advantages include provisions to allow production occuring from anywhere within the LMU to be credited toward the diligent development or continued operation requirements of any Federal coal lease within the LMU. Additionally, inclusion of a non-producing lease, which might subject a lessee to the section 2(a)(2)(A) prohibition, into an LMU will allow the lessee to continue participation in the MLLA leasing programs. One potential disadvantage of having a lease included in an LMU is the 40-year mine-out requirement of MLLA for LMUs. During FY 1984, no LMUs were approved.

Diligent Development and Continued Operation

With the passage of FCLAA, all new leases and old leases upon readjustment or modification to add acreage and/or Federal coal reserves are required to meet the diligent development and continued operation (DD-CO) requirements detailed at 43 CFR 3483. The BLM determines the recoverable coal reserves figure upon which the one (1) percent commercial quantities amount is set. As part of the operational responsibilities, BLM enforces the DD-CO requirements for the 244 Federal coal leases subject to FCLAA provisions at the end of FY 1984. This responsibility includes the calculation of the one (1) percent commercial quantities amount, tracking lease issuance, readjustments and modifications, and verifying reported production. The remaining 384 Federal coal leases are not yet subject to the DD-CO requirements of FCLAA. The 384 unreadjusted leases include 15 leases which are appealing their readjustment. By 1990, it is projected that more than 92 percent of the Federal coal leases issued prior to enactments of FCLAA will have been readjusted to be subject to FCLAA.

BEST COPY AVAILABLE

Production Verification

The level of production verification is greatly expanding for the BLM as Federal coal royalty revenues increase. Royalty revenues are increasing due to lease readjustments from a cents-per-ton to an ad valorem basis.

Production and royalty reports are sent by lessees to the Minerals Management Service-Royalty Management (MMS-RM). MMS-RM sends copies of these reports to the appropriate BLM field offices. The BLM verifies that the production which was reported, and upon which royalty was paid, corresponds to the production which can be verified through onsite inspection of ongoing operations. Discrepancies are reconciled between BLM, MMS-RM, and the operator/lessee.

During FY 1984 the production from Federal and Indian lands was 126.8 million tons. This compares with 133.9 million tons in FY 1983.

B. MINERALS MANAGEMENT SERVICE

The MMS responsibilities in the Federal coal program focus upon the collection of royalties, rents and bonuses from Federal coal lessees.

Federal Coal Royalties Collection

The MMS is responsible for collecting the royalty payments for Federal coal leases. During FY 1984, 57.8 million dollars of Federal royalties were collected on coal production valued at slightly over 1.4 billion dollars (see Tables 6 and 7). This represents a one percent decrease in production and a two percent increase in royalty payments from FY 1983.

On public domain lands, with the exception of Alaska, 50 percent of the royalties is returned to the State Treasuries, 40 percent is placed in the Federal reclamation fund that was established by the Reclamation Act of 1902, and 10 percent remains in the U.S. Treasury's miscellaneous receipts. Ninety percent of the royalties from Federal coal leases in Alaska are returned to the Alaska State Treasury.

The Federal royalties amounted to an average of 4.1 percent of the production value of the coal in FY 1984. The difference between this average percentage and the current statutory minimum royalty requirement of 12.5 percent for surface-mined coal and the current regulatory minimum royalty rate of 8 percent on underground-mined coal on new and readjusted leases results from production taking place on leases issued before the conversion from a fixed cents-per-ton royalty to a percent ad valorem royalty provision. The fixed cents-per-ton royalty provisions, which were frequently set at between 15.0 and 22.5 cents per ton, cannot be changed until lease readjustment at the end of the current lease term.

C. GEOLOGICAL SURVEY

The major coal-related activities of the GS during FY 1984 were activities related to the Coal Investigations Program, National Coal Resources Data System (NCRDS), the Evolution of Sedimentary Basins Program and the Coal Hydrology Program.

BEST COPY AVAILABLE

BEST COPY AVAILABLE

TABLE 6

PRODUCING LEASES, PRODUCTION, PRODUCTION VALUE AND ROYALTY PAYMENTS
BY STATE: FY 1984

State	Producing Leases		Production in FY 1984	Production Value	Royalty Value
	Number	Acreage	Thousand Tons	(Thousand Dollars)	(Thousand Dollars)
Total	118	188,594	104,150	1,401,488	57,797
Alabama	1	2,338	33	1,466	59
Colorado	28	23,533	9,927	218,786	13,121
Montana	11	29,469	14,520	222,077	7,533
New Mexico	5	9,306	3,048	55,200	6,624
North Dakota	6	6,641	1,311	20,553	1,478
Oklahoma	1	140	33	1,181	147
Utah	33	35,949	6,128	129,974	6,005
Virginia	1	251	14	514	41
Washington	1	241	700	13,995	140
Wyoming	31	80,726	68,436	737,742	22,649

NOTE: The statistics represent production and royalty reported during FY 1984 and adjustments made during FY 1984 for prior periods. The FY 1984 royalty management statistics may not represent actual production achieved in FY 1984 or the royalty accrued on that production due to adjustments for previous years. Estimated in part.

SOURCE: U.S. Department of the Interior, Minerals Management Service, Royalty Management Office.

TABLE 7

PRODUCING LEASES, PRODUCTION, PRODUCTION VALUE AND ROYALTY PAYMENTS
BY REGION: FY 1984

Region	Producing Leases		Production in FY 1984	Production Value	Royalty Value
	Number	Acreage	Thousand Tons	(Thousand Dollars)	(Thousand Dollars)
Total	118	188,594	104,150	1,401,488	57,797
So. Appalachian	1	2,338	33	1,466	59
Fort Union	7	7,601	1,507	23,337	1,826
Green River-Hams Fork	25	44,202	8,274	189,540	12,152
Powder River	30	77,383	81,560	920,035	27,234
San Juan River	7	9,646	3,201	58,446	6,893
Uinta-SW Utah	45	46,792	8,828	192,974	9,305
Other	3	632	747	15,690	328

NOTE: The statistics represent production and royalty reported during FY 1984 and adjustments made during FY 1984 for prior periods. The FY 1984 royalty management statistics may not represent actual production achieved in FY 1984 or the royalty accrued on that production due to adjustments for previous years. Estimated in part. Data in this table is used in Figure 1, page 3.

SOURCE: U.S. Department of the Interior, Minerals Management Service, Royalty Management Office.

BEST COPY AVAILABLE

The Coal Investigations Program consists of mapping, establishment of local and regional coal-bed stratigraphic and correlation networks, and coal-resource and coal-quality assessments done on a regional level as well as those on a more detailed local level. Data derived from these assessments and studies are entered into the NCRDS, a computer-based resource data system, and most of the stored data are used directly to support the Federal coal program. The Evolution of Sedimentary Basins Program is designed to provide a basis in research for an integrated approach to the prediction and assessment of energy resources in all sedimentary basins including those containing Federal coal deposits. The Coal Hydrology Program consists of hydrologic data collection, areal studies, and research associated with the availability of water to support increased coal development and the impacts of such development on the hydrology. A description of these FY 1984 activities is presented in this section.

Coal Investigations Program

Regional Coal Resource and Coal Quality Assessment Activities - Regional coal-resource and coal-quality assessment activities provide critical information on the quality, quantity, and accessibility of coal available for development and include baseline geologic information needed to reduce adverse environmental effects of coal development. Data derived from these studies are compiled into folios of regional maps at the scale of 1:100,000 for areas of priority interest for Federal coal lease sales and scientific information needs. In FY 1984, regional geologic studies and coal resources assessments were underway in all coal basins west of the 100th Meridian and in the Appalachian and Gulf Coast Provinces. In addition, six State geologic agencies were supported by the GS in appraisal of their coal deposits. In support of the Federal coal program, emphasis was placed in FY 1984 on completing the coal folios and topographic regional base map coverage for priority areas in the western Federal coal regions.

Regional coal resource assessments are carried out on a continuing basis from year to year and require up to three years to complete because of the size of the map area (1;100,000-scale map), the geologic complexity of the area, and other constraints. By the end of FY 1984, these studies provided bedrock geologic data for 34 map areas, surficial geologic data for 19 map areas, and several geologic hazard maps. Coal quality studies including lignite in Louisiana, Missouri, and North Dakota; subbituminous coal in Wyoming, New Mexico, Colorado, and Montana; and bituminous coal in Colorado and Utah were continued.

Coal quantity and quality assessments show the distribution and continuity of the coal resources as well as the variations in heating value, impurities, moisture, ash content, and trace element concentrations.

Topical Reports - Numerous topical reports and maps on research activities that are supportive of the work of the coal program have been prepared and published by the GS. During FY 1984, fifty-five reports on topical investigations supportive of the program were prepared.

BEST COPY AVAILABLE

National Coal Resources Data System - Several significant changes occurred in NCRDS in FY 1984. First, the system was converted to a dedicated minicomputer which can interact with minicomputers in the State offices of the Water Resources Division of GS and can be made available to any other locally situated system if desired. This conversion will provide ready access to NCRDS at minimum cost. Second, software programs have been added to NCRDS that make it possible to compute coal resources by explicit reliability categories and to provide stratigraphic and structural framework diagrams of coal beds and coal-bearing strata from data in the system.

Approximately 40,000 drill holes and coal outcrop records were entered into the NCRDS during FY 1984. The largest contribution came from cooperative programs with eighteen State geologic agencies. In addition, more than 10,000 coal-resource point-source records and 200 chemical analysis records were entered into the system. The NCRDS computer calculations for coal resources for various quadrangles of the coal folio program and in State cooperative areas will continue in FY 1985, and in addition a program of assessing coal resources on Federal lands by State using NCRDS will begin in FY 1985. The first State to be so assessed will be New Mexico.

Evolution of Sedimentary Basins Program

The Evolution of Sedimentary Basins Program is a new program that has been under development during FY 1984 to begin in FY 1985. One of the objectives of this program is to analyze the geologic history of the formation and preservation of mineral deposits in sedimentary basins, especially including coal deposits, in order to form a basis for predicting the distribution, quantity, and quality of remaining coal resources in a more realistic and cost effective manner. This program may be expected to provide important information for improved methods to assess coal deposits on Federal lands in the future.

Coal Hydrology Program

Water Resource Activities - In FY 1984, the GS collected hydrologic data at about 150 continuous recording sites and 450 synoptic measurement sites in coal areas nationwide. Water data collected by the GS and other Federal, State, and local agencies were indexed by the National Water Data Exchange (NAWDEX) managed by the GS Water Resource Division. Earlier indexed data have been used to produce a five volume "Index to Water Data Activities in Coal Provinces of the United States." The fifth volume, covering the Pacific Coast and Alaska Provinces, was printed in FY 1982. These printed indexes are available free and contain information about surface-water quantity and quality, ground water quality, and areal investigations and other data-collection activities. A bibliography of reports resulting from the cooperative GS-BLM technical investigations program was released in FY 1984. Copies are also available free on request to NAWDEX or BLM.

D. OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

The primary objective of the OSM is to protect society and the environment from the adverse effects of surface coal mining operations and to do so under conditions of expanded coal production consistent with the Nation's need for

BEST COPY AVAILABLE

energy. The OSM's principal roles relative to Federal lands are to: (1) define policy and promulgate rules establishing performance standards and program administration processes; (2) review and process permit applications and mining plans, including such activities as are necessary to NEPA compliance, and recommend action on mining plans to the Secretary; (3) in States with approved State regulatory programs under Section 503 of Surface Mining Control and Reclamation Act of 1977 (SMCRA), negotiate Federal/State cooperative agreements for State regulation on Federal lands pursuant to Section 523(c) of the SMCRA; (4) in the absence of the Federal/State cooperative agreement, carry out the permitting, inspection and enforcement, and other functions of the regulatory authority as set forth in SMCRA; (5) provide oversight of State administration of the regulatory requirements under the terms of an approved Federal/State cooperative agreement; and (6) administer a program to designate Federal lands unsuitable for surface coal mining under the petition process specified in Sections 522(a) and (c) of the SMCRA.

SMCRA Implementation

The environmental protection provisions of the SMCRA have been enacted in two phases in accordance with Sections 501 and 502 -- the initial program and the permanent program. The initial program has been in effect since December 13, 1977, when the Secretary promulgated interim program rules (30 CFR Parts 710-725 and 795). The permanent program becomes effective in each State upon Secretarial approval of a State program or implementation of a Federal program for the State. Where a State program is approved, or conditionally approved by the Secretary of the Interior, the State rather than the Federal Government becomes the primary regulator of activities subject to the SMCRA. By the end of FY 1984, thirteen States had received full program approval and eleven States had received conditional program approval with only minor changes required to correct minor deficiences identified by the Secretary. In addition, Federal programs had been promulgated for Georgia, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, South Dakota, and Washington. Of these, only the States of Washington and Georgia have active coal mining at this time. During FY 1984 the State of Tennessee rescinded its statute to administer and enforce the Tennessee State program, and on October 1, 1984, the Department promulgated and implemented a Federal program for the State of Tennessee.

Petitions to Designate Areas Unsuitable for Surface Coal Mining

The Red Rim petition was submitted by the National Wildlife Federation and the Wyoming Wildlife Federation on May 10, 1982, and was amended to include Federal lands on September 27, 1982. The 19,452-acre petition area is located in South-Central Wyoming and is comprised of both Federal (9,729 acres) and private (9,723 acres) land on a checkerboard land ownership pattern. The petition area contains no leased Federal coal, but the area approximately coincides with the proposed Red Rim Federal coal lease tract. The petition alleges that mining would adversely affect fragile land that is valuable habitat for pronghorn antelope, and the reclamation of the land is not technologically and economically feasible. Public controversy surrounding this petition has delayed a final decision until mid-1985.

BEST COPY AVAILABLE

On March 29, 1984, and on May 31, 1984, an individual submitted petitions for 320 acres of land his family owns which overlies Utah Power and Light Company's Wilberg and Deer Creek underground mines in Emery County, Utah. The petitions allege that mining would result in severe alteration of the hydrologic balance and substantial reduction or loss of ground and surface waters and that reclamation or restoration of the hydrologic balance is infeasible. OSM rejected the petitions under the criteria of 30 CFR 762.13 and 769.14. OSM is considering the concerns raised in the petitions as part of the review of the permit applications.

Federal/State Cooperative Agreements

By the end of FY 1984, the Secretary had entered into permanent program cooperative agreements with the States of Colorado, Montana, New Mexico, North Dakota, Ohio, West Virginia, and Wyoming to manage mine lands in accordance with OSM requirements.

Permit Application/Mining Plan Review

By late FY 1982 most of the States having Federal lands had received approval for their State programs, triggering the applicability of the Federal lands regulations. As a result, OSM received a large number of permit application packages for first-time permits to mine on Federal lands. At the beginning of FY 1984, OSM had 109 permit applications pending review. During the year, 31 more were received and 71 permit applications were approved. Sixty-nine permit applications were carried over to be evaluated during FY 1985.

E. FISH AND WILDLIFE SERVICE

The primary objective of the Fish and Wildlife Service (FWS) is to ensure that nationally important fish and wildlife resources receive adequate consideration in the development of the Nation's coal resources. Emphasis is placed on data gathering and analysis to identify potential areas of conflict and on assistance in developing alternatives that avoid or minimize losses or that provide opportunities for enhancement.

Most of the FWS activity in the Federal Coal Program consists of providing technical assistance to the Bureau of Land Management (BLM) during the planning phase of Federal coal leases and the Office of Surface Mining (OSM) during mining and reclamation operations, as well as during the restoration of abandoned mine lands (AML).

The FWS conducts operational as well as research and development efforts on fish and wildlife impacted by coal development. Operational activities are implemented by its Ecological Services offices located in the regions. Data support is provided by the Office of Migratory Bird Management and the National Wetlands Inventory.

Research and development activities are conducted by various Divisions of the Service (i.e., Division of Biological Services, Wildlife Research, Cooperative Research Units). Research and development support is furnished by the Western Energy and Land Use Team in Fort Collins, Colorado, and other elements of the Service's Research program.

BEST COPY AVAILABLE

Operations

Activity by the FWS at the field level in the coal program is concentrated in three Regions: Region 2, Albuqerque; Region 4, Atlanta; and Region 6, Denver.

Region 2 commented on New Mexico's proposed changes to its State regulatory program, reviewed six mine plans and four AML projects. Field-level technical assistance was provided routinely to regulatory authorities and the coal industry on recommended fish and wildlife studies, Best Technology Currently Available (BTCA) practices for fish and wildlife protection, and regulatory compliance procedures.

In addition, Region 2 continues its involvement in the San Juan Coal Region activities. During FY 84, comments were provided on the second draft San Juan Coal Region EIS. Several briefings and meetings were held on Unsuitability Criteria and Endangered Species matters relating to the San Juan Regional Coal Activities.

Region 4 participated in a meeting of the RCT for the proposed second round of leasing of Federal coal in northern Alabama. Technical assistance was provided to the BLM on: (1) wetland delineation; (2) an inventory method for locating the endangered red-cockaded woodpecker; and (3) background information on the flattened musk turtle that occurs within the northern Alabama Federal coal area.

Region 6 has been involved in making recommendations and reviewing proposals for application of unsuitability criteria to proposed lease tracts. Field offices have been working with surface coal mine companies on resolving conflicts with raptor nests and mining or reclamation. The companies have been cooperative in supporting case studies that are testing different solutions. Cooperative efforts have been underway with State and industry to develop performance standards for wetland reclamation and easements.

With the BLM updating Resource Management Plans (RMP's) on Public Lands and the Forest Service (FS) updating Forest Management Plans on National Forests, FWS field offices have been providing up-to-date resource information and recommendations. Region 6 personnel provided assistance and technical reviews on fish and wildlife aspects of PRLAs.

Inventory Data Collection

Region 2 continued to inventory habitat use of proposed lease areas (26 PRLAs and 39 new tracts) for species of high Federal interest. Currently, 50 nests (prairie falcons, golden eagles, and ferruginous hawks) are being monitored for nesting activities and success in the San Juan-Chaco area. Inventory efforts were initiated in BLM's San Augustine Coal Area (west-central New Mexico) to determine potential habitat use of coal areas by species of high Federal interest. Raptor and eagle habitat was mapped and buffer zones were delineated. A third inventory effort was initiated on the Rio Puerco Resource Area.

BEST COPY AVAILABLE

The region continued to coordinate National Wetland Inventory activities with the BLM and other Federal agencies. Wetland inventory efforts have been initiated for the San Augustine Coal Area (west-central New Mexico) and the San Juan-Chaco Coal area (northwestern New Mexico). These efforts will be continued in FY 85.

Region 4 continues to manage a cooperative agreement with the Kentucky Department of Fish and Wildlife Resources to implement a computerized faunal data base using funds provided by BLM. The data base is expected to be available for limited use by the end of FY 1985.

Region 6 continued the development of wildlife data bases in cooperation with the States of North Dakota, Colorado, and Utah. Data bases for all coal areas in Utah are now being updated. Service raptor specialists are still assisting the National Park Service, BLM, and Forest Service on raptor inventories.

Rapid Assessment Methods

Federal coal resources management requires rapid data analysis and display for multiple-use planning that reduces the conflict between coal development and the extensive fish and wildlife resources. Rapid Assessment Method (RAM) is a combination of automated remote sensing inventory and geographic information system analysis and display tools that have been developed by the Service in cooperation with BLM to assist resource managers in evaluating developmental impacts.

No RAM applications have been initiated for coal lease areas in New Mexico. A meeting was attended to discuss use of RAM for second round leasing data collection and planning activities. Participants included FWS, BLM, Forest Service, and Bureau of Indian Affairs (BIA). The BLM has initiated data processing capabilities and is currently developing data bases for New Mexico areas.

F. DEPARTMENT OF AGRICULTURE - FOREST SERVICE

The USDA, through the FS, has land management planning responsibilities for lands under its jurisdiction. In addition, the Secretary of Agriculture may recommend stipulations to be included in a lease, must consent to the lease terms before a lease can be issued, and must consent to the approval of mining and reclamation plans for Federal coal leases on the National Forest System lands.

The FS effort in FY 1984 included conducting land and resource management planning, and responding to lease modifications, lease readjustment, mining permit applications, and trespass cases.

Land and Resource Management Planning - Draft Forest Plans for the San Juan, Medicine Bow, Manti-LaSal, Grand Mesa, Uncompahgre, and Gunnison National Forest in Colorado, and the Fish Lake and Dixie National Forests in Utah have been distributed for public review. The Forest Plans include a draft report on the application of the 43 CFR 3461 Unsuitability Criteria. A similar draft plan and unsuitability review for the White River National Forest in Colorado will be available in FY 1985.

BEST COPY AVAILABLE

Lease by Action - Lease applications responded to by the FS include:

Location	Name	Status
San Juan NF, Colorado	Perma Mining Co.	Pending
Shawnee NF, Illinois	Peabody Coal Co.	Completed response to BLM

Exploration Licenses - The FS responded to 6 licenses in Utah and 1 in Wyoming.

Lease Readjustments - The FS responded to 4 lease readjustments in Utah and 1 in Wyoming.

Mining Permit/Mining Plan Review - The FS responded to mining proposals involving National Forest System lands as follows:

Location	Number	Status
Thunder Basin National Grassland Wyoming	1	Completed response to BLM
Thunder Basin National Grassland, Wyoming	2	Pending
Monongahela NF, West Virginia	4	Completed response to BLM
Monongahela NF, West Virginia	4	Pending
Daniel Boone NF, Kentucky	4	Completed response to BLM
Daniel Boone NF, Kentucky	3	Pending
Jefferson NF, Virginia	3	Completed response to BLM
National Forests in Alabama	1	Completed response to BLM
National Forests in Texas	1	Completed response to BLM
Manti-LaSal NF, Utah	5	Completed response to BLM
Manti-LaSal NF, Utah	7	Pending

G. Department of Justice

Under section 15 of the FCLAA, the Secretary of the Interior must refer to the Attorney General each issuance, renewal, or readjustment of a Federal coal lease. The Attorney General has 30 days within which to advise the Secretary "as to whether such lease would create or maintain a situation inconsistent with the antitrust laws." Under section 8B of the FCLAA, the Attorney General is required to conduct an annual study of "competition in the coal and energy industries," and to report the results of that study to the Secretary of the Interior and the Congress. Section 15 of the FCLAA also requires the Department to consult the Department of Justice (DOJ) "at each stage in the formulation and promulgation of rules and regulations concerning coal leasing." The DOJ also represents the Department in all litigation involving Federal coal.

BEST COPY AVAILABLE

IV. LITIGATION

A. BLM LITIGATION

1. Powder River Sale

Two lawsuits challenge the 1982 regional coal lease sale for the Powder River Region. In Northern Cheyenne Tribe v. Watt, Civil No. 82-116 (D. Montana), the Tribe asserts that the EIS prepared for the sale is deficient because of its alleged failure to discuss adequately the impacts of the regional leasing on the plaintiff's reservation. In National Wildlife Federation v. Burford, Civil No. 82-117 (D. Montana) the plaintiff groups challenge: (1) the pre-sale procedures, alleging that the land use plans underlying the sale acreage were formulated in violation of FLPMA planning standards and that the Secretary's rules (and resulting plans) on the treatment of reclaimability in the Federal lands review under section 522(b) of the SMCRA are legally deficient; and (2) the sale itself, alleging that the Department failed to receive fair market value (FMV) for the lease tracts sold. The cases were originally filed in the U.S. District Court for the District of Columbia, where motion for a restraining order against the lease sale was denied. On the government's motion, the cases were consolidated and transferred to the Federal court in Montana. The State of Wyoming and several lessees have intervened as defendants. The court heard argument in December 1982 on cross motions for summary judgment and motions to dismiss specific allegations. The court had not issued its decision by the end of the fiscal year.

2. Coal Leasing Rules

In Natural Resources Defense Council v. Burford, Civil No. 82-2763 (D.D.C), eight groups have joined to challenge the July 1982 revisions to the July 1979 coal program rules. The suit seeks: (1) to enjoin implementation of the revised coal regulations; (2) to declare the revised regulations improperly issued; and (3) to enjoin any future coal lease sales until the reclaimability standard of section 522(a)(2) of the SMCRA is applied to the lease tracts prior to a sale. In support of their lawsuit, the plaintiffs allege that the Department, in amending the rules, violated NEPA and various provisions of the FCLAA and FLPMA. The parties have filed and fully briefed cross motions for summary judgment. The court had not issued its decision by the end of the fiscal year.

3. Lease Readjustment

Four cases involve the timeliness of the Department's coal lease readjustment procedures: FMC Corp. v. Clark, 10th Cir. No. 84-2175; Coastal States Energy Co. v. Clark, Civil No. 83-0730 (D. Utah); Gulf Oil Corp. v. Clark, Civil No. 84-0157 (D. New Mexico); Lone Star Steel Corp. v. Clark, Civil No. 84-583 (E.D. Oklahoma). The leases in these cases were all issued subject to the right of the Secretary to readjust the lease terms and conditions (including royalty provisions) at the end of every 20 years. 30 U.S.C. Section 207 (1970). With respect to these leases, the BLM notified the lessees, prior to the 20-year lease anniversary date, of its intent to readjust the leases. For

BEST COPY AVAILABLE

some leases, BLM provided the lessees the readjusted terms and conditions prior to the 20-year anniversary and for others shortly thereafter. The lessees filed objections and took administrative appeals to the Interior Board of Land Appeals (IBLA). The new terms and conditions were affirmed by the Board and these judicial appeals followed.

Plaintiff in the FMC case alleged that the Department's failure to dispose of their administrative appeals prior to the 20-year anniversary date constitutes a waiver of the Secretary's power to readjust their leases, citing Rosebud Coal Sales Co. v. Andrus, 667 F. 2d 949 (10th Cir. 1982), and that the readjusted royalty rate was improper. The District Court ruled that notice of readjustment is sufficient to preserve the Secretary's right of readjustment under Rosebud. However, the court went on to hold that the royalty rate must be established on a case-by-case basis and that the statutory minimum royalty of 12 1/2 percent established by the Congress for coal mined by surface methods in the Federal Coal Leasing Amendments Act of 1976 is not mandated by law upon lease readjustment. The Department has appealed from the latter holding and FMC appealed the court's ruling that the notice was adequate.

The question of this notice of readjustment is an issue raised in each of the other three cases. In Coastal States, the plantiff also challenges the readjusted royalty rate for coal mined by underground methods at 8 percent in readjusted leases. Although FCLAA does not set a statutory minimum royalty rate for coal mined by underground methods, the Department's policy is to set the royalty rate for underground mined coal at 8 percent, except that the rate may be lowered to 5 percent if conditions warrant. The Gulf Oil and Coastal States cases involve both surface and underground royalty rate issues. In Gulf Oil and Coastal States, motions for summary judgment have been filed and in Coastal States argument has been held. In Lone Star Steel, the government has filed an answer.

4. Fort Union Sale

The FY 1983 Federal Coal Management Report discussed the litigation against the Department of the Interior as a result of the September 1983 lease sale in the Fort Union Region. The District Court has issued a permanent injunction against issuing any of the leases at that sale and against issuing leases for any tract delineated in Round I activity planning in the region, until the House Interior Committee revokes its emergency withdrawal resolution, the Department changes its withdrawal regulations or certain other events occur. The Department did not appeal the decision and nothing has occurred to terminate the injunction.

5. Federal Coal Under Alloted Lands

Several Navajos owning alloted land in New Mexico have filed a class action in Etcitty, et al. v. United States, et al., Civil No. Civ. 83-1408C (D. New Mexico, filed August 31, 1983), seeking inter alia, a declaration of rights for all Navajo Indians who hold beneficial title to any interest in allotted lands in New Mexico held in trust by the United States where the trust patent states that the United States reserves any coal interest. Plaintiffs primarily claim that the allottees were entitled to revised patents relinquishing the Federal coal reservation, pursuant to the Act of April 14, 1914, 30 U.S.C. 82 (1976), where lands covered by the trust patents were subsequently

BEST COPY AVAILABLE

classified as non-coal in character. Codefendants include holders of PRLAs for the Federal coal underlying the allotted surface. The case is still being briefed.

6. Navajo Reservation Litigation

The Navajo Tribe is seeking a determination that approximately 1.8 million acres of land reserved to the Navajo by Executive Orders Nos. 709 (November 9, 1907) and 744 (January 28, 1908), but returned to the public domain by Executive Nos. 1000 (December 30, 1908) and 1284 (January 16, 1911), are still part of the present Navajo Reservation. Navajo Tribe of Indians v. State of New Mexico, et al., Civil 82-1148-JB (D. New Mexico). The Tribe also seeks a judgment that the United States breached a fiduciary duty to the Tribe by treating the land as part of the public domain and a judgment that all conveyances by the United States subsequent to Executive Orders 709 and 744 be cancelled. Thirdly, the Tribe asserts a claim for trespass damages against all present owners of the land.

The government filed a motion to dismiss for lack of jurisdiction and failure to state a claim in January of 1983. The Court ruled in the government's favor in December 1983 and the Tribe has now appealed. Briefs have been filed and the Appellate Court has not yet issued its decision.

B. OSM FEDERAL LANDS LITIGATION

1. In Re: Permanent Surface Mining Regulation Litigation II, Civil No. 79-1144 (D.D.C.)

Several groups challenged the Secretary's Federal lands regulation at 30 CFR Parts 740-746, promulgated to implement the Surface Mining Control and Reclamation Act (SMCRA). The regulations allow States to assume regulatory authority for surface coal mining and reclamation operations on Federal lands. The Secretary retains his responsibility to approve mining plans on Federal lands, to designate certain Federal lands as unsuitable for mining, and to regulate other activities on Federal lands. A mining plan is defined as the plan required under the Mineral Lands Leasing Act of 1920, as amended (MLLA), to mine leased Federal coal. The plaintiffs argued that these rules illegally delegate the Secretary's responsibilities under MLLA and SMCRA.

On July 6, 1984, the U.S. District Court for the District of Columbia rendered a decision holding that portions of the Secretary's regulations governing Federal lands were inconsistent with the SMCRA and remanded those regulations to the Secretary for further action consistent with the Court's decision. Specifically, the Court invalidated the Secretary's regulation, 30 CFR 740.5, which limited the Secretary's duty to approve mining plans under the MLLA, and held that the Secretary must exercise his power to review the operation and reclamation plan portions of permit applications under SMCRA to mine on Federal lands.

A notice of appeal has been filed on whether the Secretary has the duty to review the operation and reclamation plan portion of the permit application where a mining plan is submitted for leased Federal coal.

BEST COPY AVAILABLE

V. MAJOR ISSUES AND RECOMMENDATIONS FOR 1985

The major issue currently facing the Department is the completion of the review of the Federal coal program which occupied most of fiscal year 1984. The history and status of this review are contained in Chapter II of this report. The EIS supplement is scheduled for completion in July 1985. The Secretary will then reach a decision on whether to resume the revised program or to select an alternative program. Possible recommendations for legislative changes also await the completion of the review of the coal program. The following issues and recommendations are being considered.

Royalties

The Department agrees with the principles advocated by the Commission on Fair Market Value Policy for Federal Coal Leasing concerning discretionary royalty reductions on a regional basis prior to a lease sale and will work with Congress on this point. The Commission made a recommendation concerning the calculation of Federal royalty payments. The Department, however, believes that this issue must be addressed by Congress because of its effect on other programs and on State and local governments.

Transportation

The Department has not taken a position on the Commission's recommendation concerning coal shippers and possible anticompetitive practices and granting the right of eminent domain for coal slurry pipelines. With regard to the prohibition against railroads and their affiliates bidding for coal tracts, the Department supports the Commission recommendation seeking repeal of this section of the law, stating that it would improve the Department's ability to manage Federal coal in checkerboard areas.

Negotiated Sales

Although it does not have authority to negotiate a fair price for a lease, the Department has requested public comment on the possible conceptual approaches that could be used if Congress grants such authority. See the Federal Register, Vol, 49, no. 212, October 31, 1984, page 43935. The issues surrounding negotiated sales are complex. In summary, comments were requested on the following areas: whether or not the Secretary should be given the authority to negotiate prices for Federal coal leases where reasonable efforts to obtain competition have failed; what should constitute "reasonable efforts to obtain competition"; comments on the three conceptual approaches presented by the Secretary and or any other approaches that should be considered; what the negotiator's objectives should be; what criteria the government should use to determine whether or not potential lessees are negotiating in good faith; what opportunities for public participation ought to be included in any coal lease negotiation process; and how the government should determine both the asking price and the price that it will accept in negotiation for Federal coal leases.

BEST COPY AVAILABLE

All comments will be reviewed and their content reported to Congress for its use in considering whether or not to develop legislation in response to the recommendations of the Commission on Fair Market Value Policy for Federal Coal Leasing.

Diligence

The Department agrees with the Commission that Congress should abolish the 10-year diligent development termination requirement and should replace it with a system of fees, penalties, or other financial incentives to spur development. A system of penalties or financial incentives is also advocated in lieu of the prohibition against the acquisition of new Federal mineral leases if a coal lessee is not producing coal in commercial quantities on or after August 4, 1986, and has held the nonproducing lease for more than 10 years.

In testimony before Congress in 1984, the Department provided its views on H.R. 1530, a bill which would have amended several provisions of the Mineral Lands Leasing Act of 1920 (MLLA) relating specifically to coal.

The Department recognized the Nation's vital need for energy self-sufficiency, which places a high priority on the orderly development and use of our country's vast coal resource. The Department responds to the mandate of the MLLA and the Federal Coal Leasing Amendments Act of 1976 (FCLAA) in establishing the Federal coal management program. These programs are designed to promote the use of coal within a balanced structure. However, the Department agreed with the sponsors of H.R. 1530 that some of the provisions of the MLLA, as amended by the FCLAA, do not allow either the Department or industry sufficient flexibility to accommodate realistic coal development timeframes.

Specifically, section 3 disallows issuance of a lease for any mineral under the MLLA to a lessee who holds, and has held, a coal lease for 10 years after enactment of the FCLAA, or August 4, 1986, without producing coal in commercial quantities. With this in mind, the Department has been studying and has requested comments on the recommendations of the Linowes Commission with a view to making recommendations for the amendment of the coal provisions of the MLLA. The objective is a law which provides for orderly and efficient development of the coal resource, recognizing economic, environmental and technological constraints.

Section 2 of H.R. 1530 would have deleted section 3 of the FCLAA. The Department supported a repeal of section 3, while replacing it with other provisions which would address the concerns of Congress, the Governors, interest groups and industry.

Section 3 provides that for leases issued before the enactment of FCLAA, the 10-year lease-holding period for producing commercial quantities started on August 4, 1976. Because of this provision, companies are faced with the unprecedented choice of relinquishing old Federal leases in order to bid on

BEST COPY AVAILABLE

new ones, or of holding old coal leases and being disqualified from bidding on new coal leases, or acquiring leases on other leasable minerals under the MLLA. Those who choose to hold valuable but non-producing leases cannot bid for new leases, thus removing competitors from new lease sales.

Under section 7 of the MLLA as amended by FCLAA, a lessee acquiring a lease after 1976 has 10 years to produce -- or he loses that lease. However, section 7 applies to leases executed prior to 1976 at the time of their readjustment. Pre-1976 leases are subject to readjustment every 20 years. When a pre-1976 lease is readjusted, the readjustment terms and conditions require the lessee to produce coal in "commercial quantities" within 10 years of the date of readjustment or the lease will be terminated. A lease issued in 1964, and readjusted in 1984, would not be required to produce commercial quantities until 1994. Thus, the 1986 effective date of the prohibition in section 3 conflicts with the diligent development timing established for old leases under the terms and conditions for readjustment. Because the section 7 would give the holders of older leases until 10 years after the next readjustment of their lease terms to initiate production, a lease issued in 1964, and readjusted in 1984, would require production by 1994. By 1986, more than 60 percent of the pre-1976 leases will be readjusted. By 1990, virtually all pre-1976 leases will have been readjusted.

The Linowes Commission recommended that for pre-1976 leases, the lessee should begin paying advance royalty at the time of lease readjustment, and that such payments should be on the same schedule as may be paid for post-1976 leases. The Commission believed that these latter payments should begin 10 years after lease issuance.

The Department concurs with the Linowes Commission recommendations that section 3 of the FCLAA should be repealed and replaced with other provisions. The Linowes Commission indicated further that section 3, in applying to all pre-1976 leases after August 4, 1986, will undoubtedly depress bidding competition after that date. The precise, long-term effect is as yet unclear.

The Department agrees with the Commission that a system of penalties or financial incentives, if adopted, will be adequate to ensure diligent development of Federal coal leases. The exact nature of those provisions needs to be worked out with the Congress and the public.

The Linowes Commission contended that the time period allowed for the development of commercial quantities of coal for unreadjusted, pre-1976 leases under the administrative framework is too long, and the requirements for the two classes of leases -- pre-1976 and post-1976 -- should be similar. The Commission, however, recognized that past history and legal requirements may necessitate some differences in treatment.

The Department also believes that similar types of incentives should exist for both classes of leases. It would be extremely inequitable to require forfeiture of the lease in one situation and to apply a less drastic penalty in the other. The differences between the two classes of leases can be addressed through varying the timing of the penalty or financial incentive and the degree of escalation of any advance royalty. And, as previously stated, these incentives need to be developed with public input and consultation with Congress and the Administration.

BEST COPY AVAILABLE

As the Secretary has stated previously, the Department would be pleased to work with Congress to develop these mechanisms to implement necessary financial incentives to ensure timely development of our Nation's coal resources and to assure the same diligence standards apply to both pre-1976 leases and post-1976 leases.

In related actions occurring after the end of the fiscal year, two bills were introduced in the Congress. These bills, S. 372, "Federal Coal Leasing Amendments Act of 1985," introduced February 5, 1985, and S. 570 "Mineral Lands Leasing Act Amendments of 1985," introduced March 5, 1985, would among other things change requirements on diligent development, lease relinquishment, negotiated sales and advance royalty.

BEST COPY AVAILABLE

APPENDIX A

COAL STATISTICS

LIST OF TABLES

		PAGE
Table A-1 -	Federal Coal Leases Issued During FY 1984	51
Table A-2 -	Leases Sold in All Regional Sales (January 1981 through September 1984)	52
Table A-3 -	Average High Bonus Bids From All Regional Sales	53
Table A-4 -	Surface Acreage And Recoverable Reserves By State: September 30, 1984	54
Table A-5 -	Surface Acreage and Recoverable Reserves By Region: September 30, 1984	55
Table A-6 -	Largest 15 Federal Coal Lessees Ranked By Acreage: September 30, 1984	56
Table A-7 -	Readjustments And Modifications During FY 1984 And Pending Readjustments And Modifications, By State: September 30, 1984	57
Table A-8 -	Federal Coal Leases Issued Since FY 1978 By Fiscal Year	58
Table A-9 -	Federal Coal Leases Sold Since FY 1978 By Fiscal Year	58
Table A-10 -	Total United States Coal Production And Federal Production By State: Calendar Year 1983	63
Table A-11 -	Royalty Revenues From Federal Coal Leases, By State: 1975 to 1984	64
Table A-12 -	Federal Coal Production, Production Value, and Royalty Value FY 1973 to 1984	65

BEST COPY AVAILABLE

APPENDIX A

COAL STATISTICS

LIST OF FIGURES

FIGURE		PAGE
Figure A-1 -	Federal Coal Leases Issued And Sold Since FY 1978	59
Figure A-2 -	Recoverable Reserves on Federal Coal Leases Issued And Sold Since FY 1978	60
Figure A-3 -	Acreage of Federal Coal Leases Issued And Sold Since FY 1978	61
Figure A-4 -	Total High Bonus Bids Received For Federal Coal Leases Since FY 1978	62
Figure A-5 -	Production From Federal Coal Leases FY 1973 Through FY 1984	66
Figure A-6 -	Value of Production-Federal Coal Leases FY 1973 Through FY 1984	67
Figure A-7 -	Royalties From Federal Coal Leases FY 1973 Through FY 1984	68

BEST COPY AVAILABLE

BEST COPY AVAILABLE

TABLE A-1
FEDERAL COAL LEASES ISSUED DURING FY 1984

State	Effective Lease Date	Lessee(s)	Tract Name	Serial Number	Acreage	Recoverable Reserves (Mil.Tons)	Royalty Rate (Percent)	Bonus Bid ($/ Acre)
Colorado	10/01/83 1/	Perma Mining Corp.	--	C34886	90.00	2.10	12.5 & 8.0	617.28
	05/01/84	Colorado Westmoreland Inc.	Paonia D	C37210	4,999.00	36.70	8.0	1908.79
	05/01/84	U.S. Steel Corp.	--	C36446	78.51	.70	8.0	101.27
New Mexico	09/27/84 2/	Paragon Resources/ Valencia Energy Co.		NM45183	927.82	28.77	12.5 & 8.0	--
North Dakota	06/01/84	North American Coal Co.	--	M59727	380.00	1.83	12.5	110.00
Utah	12/01/83 3/	AMCA Coal Leasing Inc.		U52341	120.00	.07	8.0	1,166.67
Total					6,595.33	70.17		

1/ This lease was sold in an emergency sale on June 14, 1983, and was issued in FY 1984.

2/ This lease was issued as a result of a lease exchange in the Bisti Wilderness Area.

3/ This lease was sold in an emergency sale on August 12, 1983, and was issued in FY 1984.

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Office of Resource Evaluation and Program Development, Automated Coal Lease Data System, September 30, 1984.

5/

TABLE A-2
LEASES SOLD IN ALL REGIONAL SALES 1/
(January 1981 through September 1984)

REGIONS	DATE OF SALE	NO. OF TRACTS	ACRES	TOTAL RECOVERABLE RESERVES (In Mil. Tons)	TOTAL HIGH BONUS BIDS
Fort Union	September 1983	3	7,091	96.5	$ 733,310
Green River/ Hams Fork	January 1981	6	11,283	87.9	1,730,277
	April 1981	2	5,572	64.4	9,013,430
	October 1981	1	5,974	62.7	1,792,227
	April 1982	2	4,262	112.4	23,164,125
	Total to Date	11	27,091	327.4	35,700,060
Powder River	April 1982	10	16,554	1,089.6	43,484,434
	October 1982	2	5,176	471.6	23,689,632
	Total to Date	12	21,730	1,561.2	67,179,066
Southern Appalachian	June 1981	6	5,040	r/ 24.3	180,537
	December 1981	4	3,629	7.3	623,605
	September 1982	3	1,520	1.1	247,114
	Total to Date	13	10,189	r/ 32.6	1,051,256
Uinta Southwestern Utah	July 1981	5	10,854	79.7	14,200,410
	February 1982	1	160	2.3	158,400
	May 1982	1	640	7.5	5,216,00
	February 1984	1	4,999	36.7	9,542,041
	Total to Date	8	16,653	126.2	29,116,851
TOTAL ALL REGIONS	To Date	47	82,754	2,143.9	$133,820,543

r/ Revised

NOTE: Data may not add to totals shown due to independent rounding.

1/ These sales are the result of coal activity planning in designated Federal coal regions. Does not include emergency or lease by application sales.

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Office of Resource Evaluation and Program Development, Automated Coal Lease Data System, September 30, 1984.

BEST COPY AVAILABLE

BEST COPY

TABLE A-3

AVERAGE HIGH BONUS BIDS FROM ALL REGIONAL SALES

Region	Total Acres Sold	Total High Bonus Bids (In Dollars)	Avg. Bid ($/Acre)	Total Recov. Reserves Sold (In Mil. Tons)	Avg. Bid (Cents/Ton)	Avg. FOB Mine 1/ Per Ton of Coal (In Dollars)	Percent of 2/ Coal Price	Avg. BTU (Per Pound)	Avg. High Bonus Bid (Cents/Mil. BTU 3/
Fort Union	7,091	773,310	109	96.5	.80	9.14	.088	6,700	.060
Green River-Hams Fork	27,091	35,700,060	1,318	327.4	10.90	20.00	.545	10,250	.531
Powder River	21,730	67,179,066	3,092	1,561.2	4.30	7.50	.573	8,250	.261
So. Appalachian	10,189	1,051,256	103	46.2	2.29	30.00	.076	12,500	.092
Uinta-SW Utah	16,653	29,116,851	1,748	126.2	23.01	28.00	.821	12,300	.935

1/ Average price of coal sold at the mine

2/ Cents/ton divided by average mine mouth selling price per ton of coal = percent of coal price.

3/ Average BTU/LB. x 2000 = BTU/ton divided by 1,000,000 = cents/ton divided by MM BTU/ton = cents/MM BTU.

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Office of Resource Evaluation and Program Development, Automated Coal Lease Data System, September 30, 1984, and Coal Week, McGraw-Hill, Inc., Washington, D.C., February 7, 14, 28, and March 7, 1983, Vol. 9 No. 7 through No. 10.

BLANK PAGE

BLANK PAGE

BLANK PAGE

TABLE A-4
SURFACE ACREAGE AND
RECOVERABLE RESERVES BY STATE:
SEPTEMBER 30, 1984

State	No. Of Leases	Total Recov. Reserves (In Mil. Tons)	Total Acres	FEDERAL LANDS BLM	FEDERAL LANDS FS	Other	State	Private	Native American
TOTAL	628	17,621	944,550	419,384	98,010	1,426	42,505	375,240	7,988
Alabama	15	39	13,043					13,046	
Alaska	2	W	3,160	3,160					
California	1	W	80	80					
Colorado	141	1,876	163,822	68,976	23,017			71,819	
Kentucky	5	11	4,292		4,292				
Montana	27	1,603	44,514	1,426	80		2,148	40,862	
New Mexico	30	500	43,803	19,222	909		7,086	8,598	7,988
North Dakota	20	254	17,040	40				17,000	
Oklahoma	48	213	79,455	890			1,170	77,397	
Oregon	3	1/	5,411	538	4,874				
Pennsylvania	2	W	80			80			
Utah	218	3,688	319,183	215,478	55,338	22	30,819	17,525	
Virginia	1	W	251		251				
Washington	2	W	521				241	280	
Wyoming	113	9,421	249,894	109,574	9,249	1,324	1,040	128,713	

NOTE: Details may not add to total due to rounding and noninclusion of proprietary reserve data.

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Automated Federal and Indian Leasable Minerals System and Automated Coal Lease Data System, September 30, 1984.

W - Withheld to protect proprietary data.

1/ Less than .5 million tons of recoverable reserves.

54 BEST COPY AVAIL.

BEST COPY AVAILABLE

TABLE A-5
SURFACE ACREAGE AND
RECOVERABLE RESERVES BY REGION:
SEPTEMBER 30, 1984

Region	No. Of Leases	Total Recov. Reserves (In Mil. Tons)	Total Acres	FEDERAL LANDS BLM	FS	Other	State	Private	Native American
TOTAL	628	17,621	944,550	419,384	98,010	1,426	42,505	375,240	7,988
Fort Union	23	511	22,936	40				22,896	
Green River-Hams Fork	113	1,696	178,023	119,082	400	1,324	120	57,095	
Powder River	90	10,043	181,106	8,173	8,849		3,068	161,021	
San Juan River	29	501	43,942	19,222	909		7,046	8,777	7,988
So. Appalachian	15	39	13,043					13,046	
Uinta-SW Utah	286	4,568	410,765	267,999	78,354	22	30,819	33,564	
Other	72	262	94,733	4,868	9,498	80	1,451	78,840	

NOTE: Details may not add to totals due to rounding. Data in this table is used in Figure 2 and 3.

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Automated Federal and Indian Leasable Minerals System and Automated Coal Lease Data System, September 30, 1984.

55

TABLE A-6

LARGEST 15 FEDERAL COAL LESSEES RANKED BY ACREAGE: SEPTEMBER 30, 1984

Lessee	Acreage	Number Of Leases
Peabody Coal Co.	47,584	24
Consolidation Coal Co.	45,797	34
Gulf Oil	42,553	37
Utah Power & Light	28,430	15
Utah International	28,398	28
Swanton Energy Res. Corp.	27,659	16
U.S. Steel Corp.	18,825	19
Evans Coal Co.	17,805	11
Ark Land Co.	16,222	14
Dorchester Coal Co.	15,804	3
Kaiser Steel Corp.	15,094	10
Salt Creek Mining Co.	14,929	6
Black Butte Coal Co.	14,902	1
Sweetwater Coal Devel. Co.	14,680	1
Decker Coal Co.	14,770	5

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Office of Resource Evaluation and Program Development.

BEST COPY AVAILABLE

TABLE A-7

READJUSTMENTS AND MODIFICATIONS DURING FY 1984
AND PENDING READJUSTMENTS AND MODIFICATIONS,
BY STATE: SEPTEMBER 30, 1984

State	Number of Readjustments	Readjustments Pending	Number of Modifications	Modifications Pending
TOTAL	34	45	5	10
Colorado	9	14	1	6
Montana	5	4	0	1
New Mexico	3	2	0	0
North Dakota	1	2	0	0
Oklahoma	1	0	0	0
Utah	10	12	2	2
Wyoming	5	11	2	1

SOURCE: U.S. Department of the Interior, Bureau of Land Management, Office of Resource Evaluation and Program Development.

BEST COPY AVAILABLE

TABLE A-8
FEDERAL COAL LEASES ISSUED SINCE FISCAL YEAR 1978
BY FISCAL YEAR

	Number of Issued Leases	Total Acreage Of Issued Leases	Total Recoverable Reserves Of Issued Leases (In Mil. Tons)
FY 1978	2	574	3.42
FY 1979	13	9,062	70.78
FY 1980	14	10,376	155.41
FY 1981	15	33,398	295.63
FY 1982	40	84,283	r/ 1,406.87
FY 1983	21	28,609	996.07
FY 1984	6	6,595	70.17
Total	111	172,897	2,998.35

NOTE: The data in this table is used in Figures A-1, A-2, and A-3. The differences in the number, acreage, and tonnages of leases issued and leases sold since FY 1978 is due to several factors. Thirteen PRLAs have been issued during the period; 5 leases have been sold, but have not yet been issued at the end of FY 1984; 5 leases were issued as the result of lease exchanges and partial lease assignments and thus were not counted as sold.

TABLE A-9
FEDERAL COAL LEASES SOLD SINCE FISCAL YEAR 1978
BY FISCAL YEAR

	Number of Leases Sold	Total Acreage Of Leases Sold	Total Recoverable Reserves Of Leases Sold (In Mil. Tons)	Total High Bonus Bids (In Dollars)
FY 1978	4	1,490	7.04	$104,801
FY 1979	14	11,154	106.10	960,042
FY 1980	12	8,465	120.35	564,780
FY 1981	25	37,277	r/ 298.73	26,150,862
FY 1982	28	41,097	1,417.83	77,538,168
FY 1983	11	14,547	578.97	26,241,514
FY 1984	4	5,655	39.60	9,767,959
Total	98	119,685	2,568.62	141,328,126

NOTE: The data in this table is used in Figures A-1, A-2, A-3, and A-4.

r/ Revised

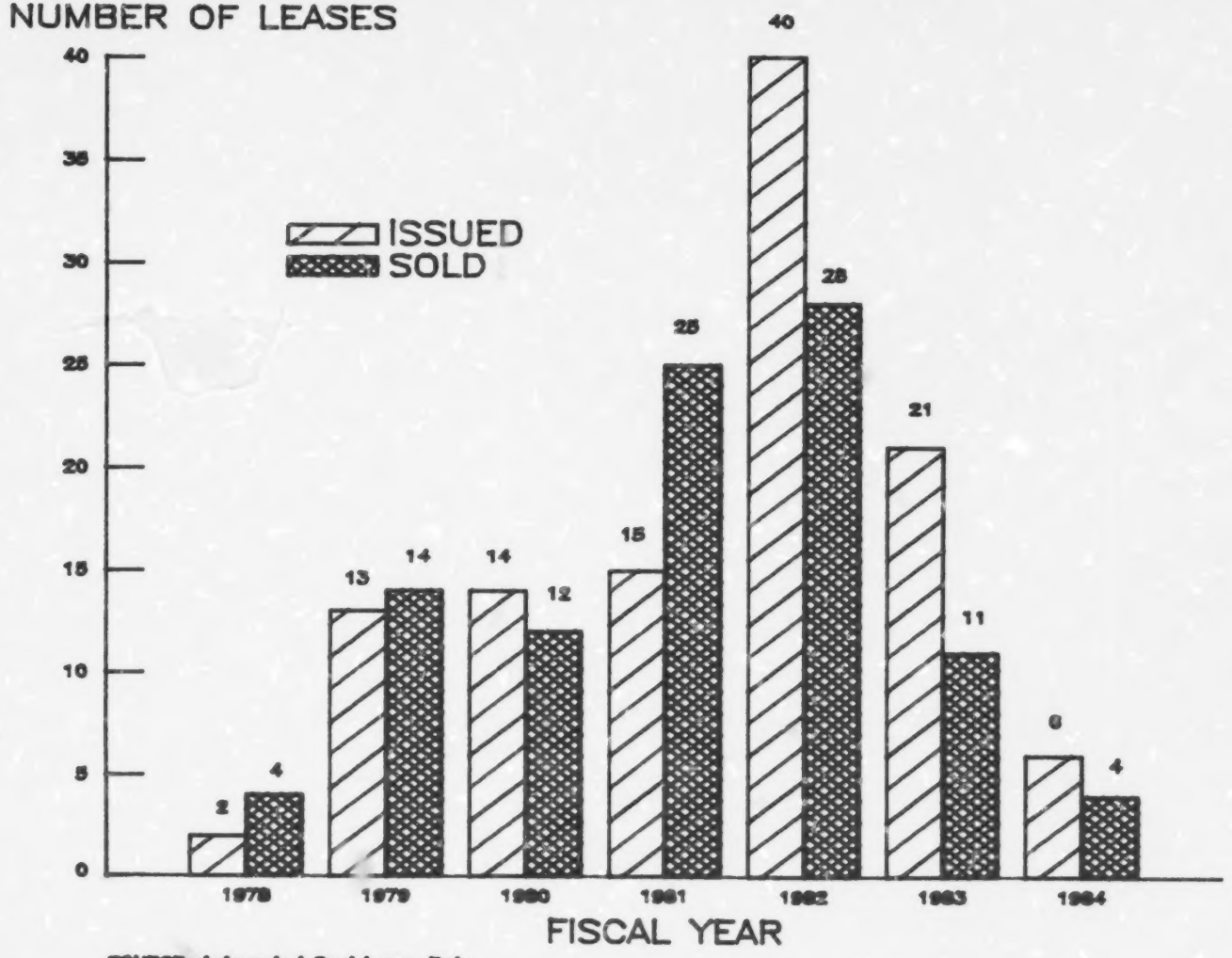
SOURCE: Tables A-8 and A-9, U.S. Department of the Interior, Bureau of Land Management, Office of Resource Evaluation and Program Development, Automated Coal Lease Data System, September 30, 1984.

BEST COPY AVAILABLE

BEST COPY

Figure A-1

Federal Coal Leases
Issued and Sold Since FY 1978



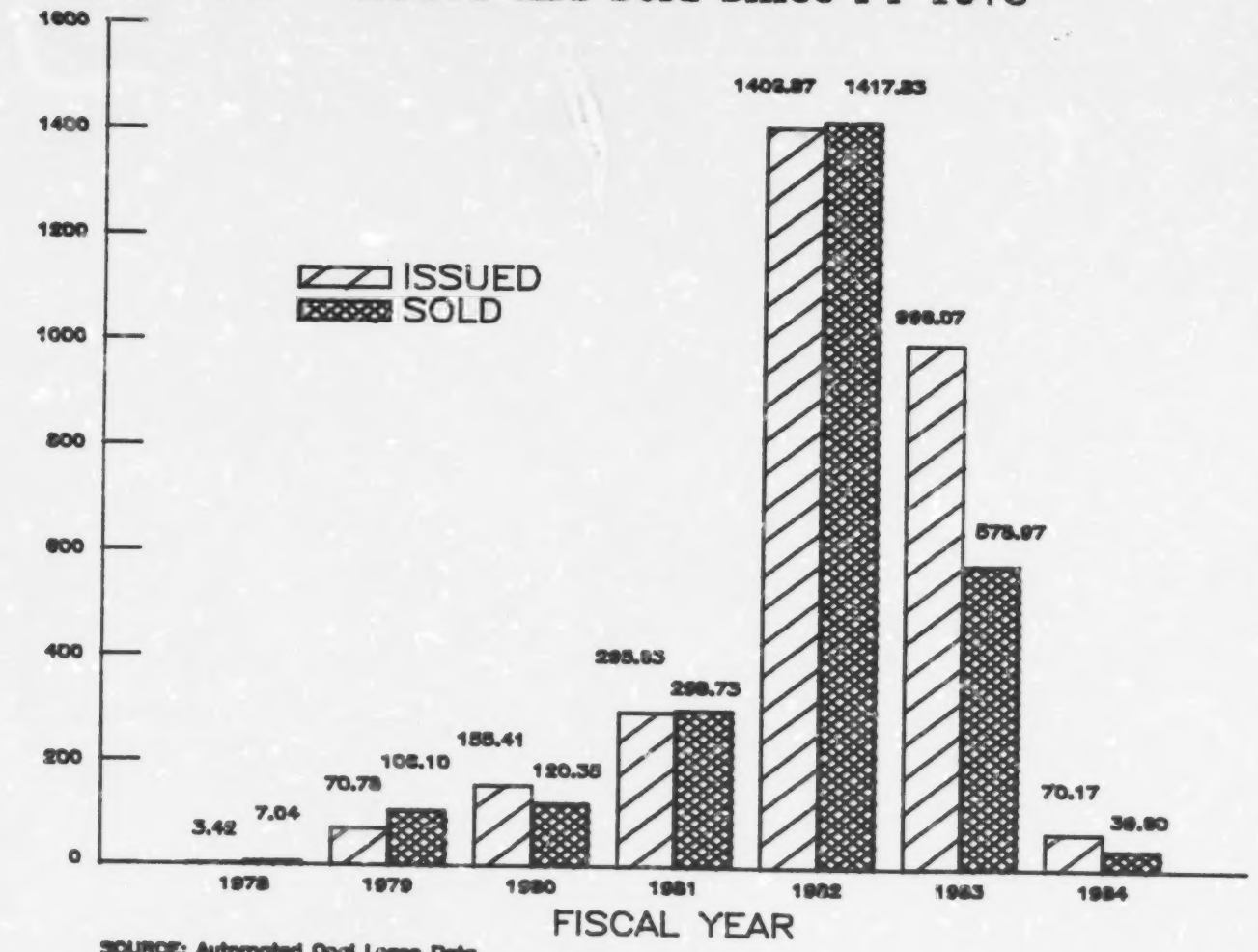
SOURCE: Automated Coal Lease Data System, September 30, 1984

89,

Figure A-2

Recoverable Reserves on Federal Coal Leases

Issued and Sold Since FY 1978



SOURCE: Automated Coal Lease Data System, September 30, 1984

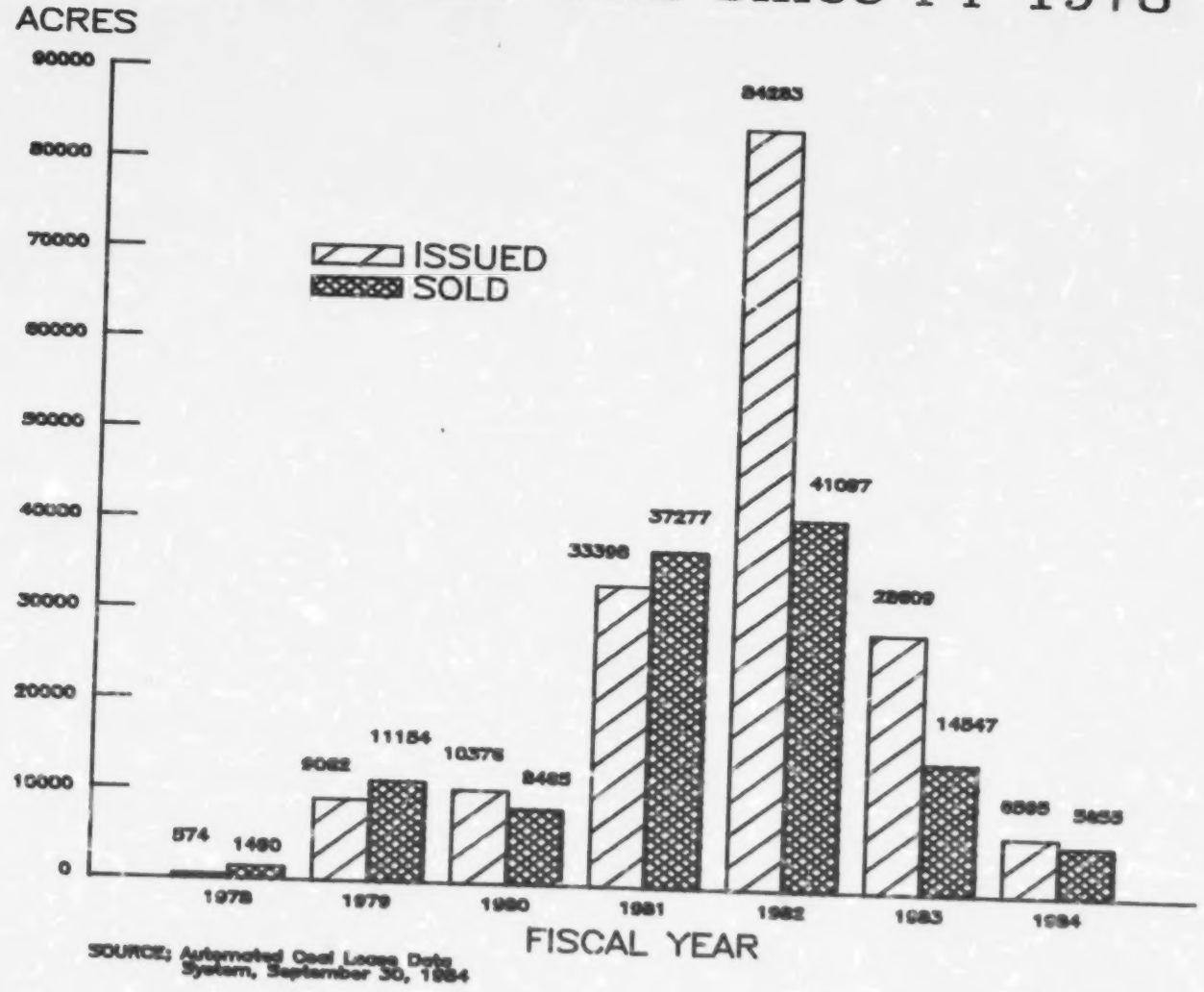
60.

BEST COPY AVAILABLE

BEST COPY AVAILABLE

Figure A-3

Acreage of Federal Coal Leases
Issued and Sold Since FY 1978



SOURCE: Automated Coal Leases Data System, September 30, 1984

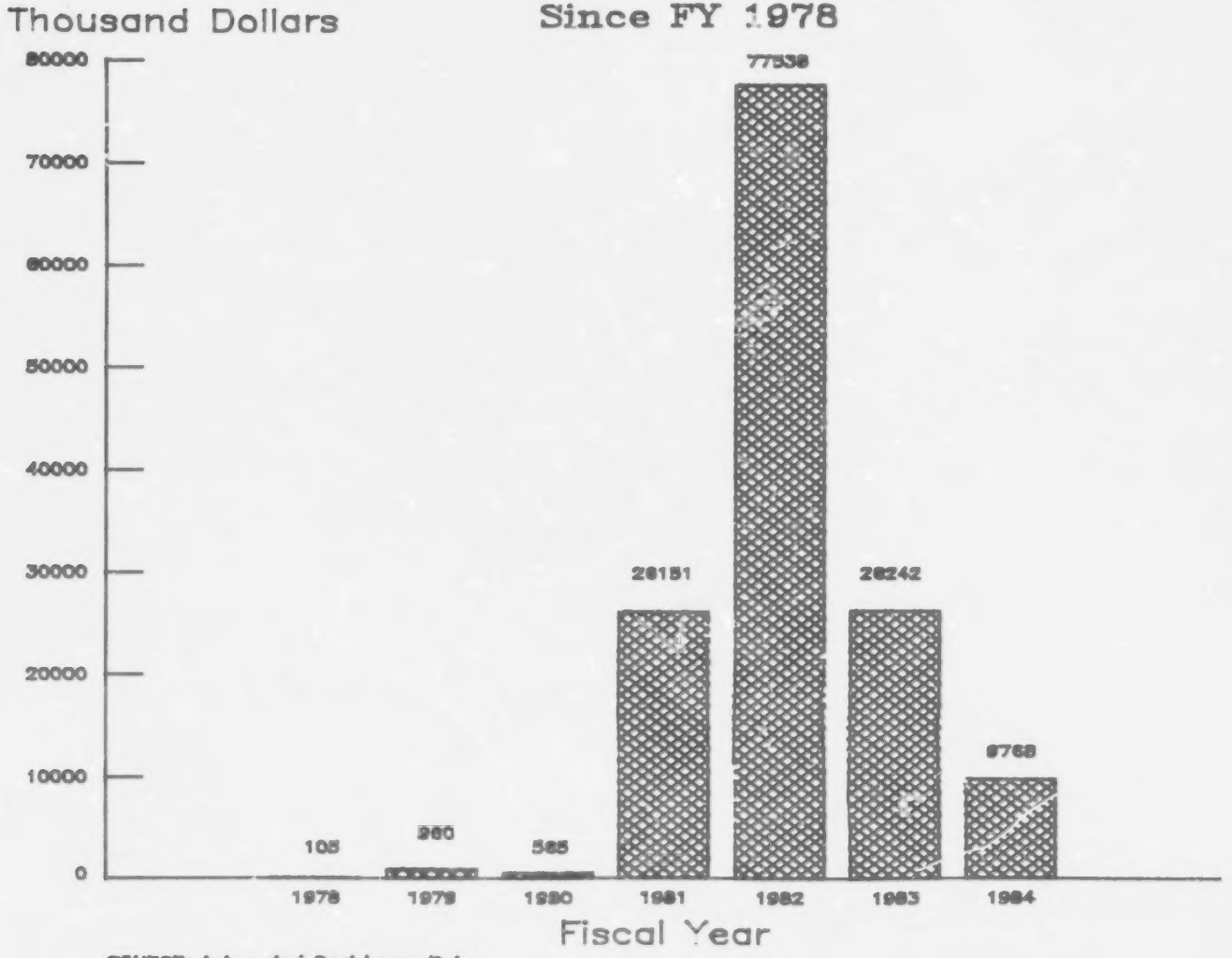
BLANK PAGE

BLANK PAGE

BLANK PAGE

Figure A–4

Total High Bonus Bids Received For Federal Coal Leases



SOURCE: Automated Coal Lease Data System, September 30, 1984.

62

BEST COPY AVAILABLE

TABLE A-10

TOTAL UNITED STATES COAL PRODUCTION AND FEDERAL PRODUCTION
BY STATE: CALENDAR YEAR 1983

State	Production in CY 1983	
	U.S. (Thous. Tons)	Federal (Thous. Tons)
Total	782,091	98,686
Alabama	23,812	96
Alaska	786	0
Arizona	11,404	0
Arkansas	88	0
Colorado	16,732	10,405
Georgia	187	0
Illinois	56,846	0
Indiana	31,835	0
Iowa	385	0
Kansas	1,271	0
Kentucky	131,217	0
Maryland	3,184	0
Missouri	4,982	0
Montana	28,930	14,335
New Mexico	20,415	1,593
North Dakota	19,190	1,732
Ohio	33,770	0
Oklahoma	3,694	72
Pennsylvania	69,828	0
Tennessee	6,640	0
Texas	38,947	0
Utah	11,768	6,725
Virginia	35,027	0
Washington	3,891	192
West Virginia	115,049	0
Wyoming	112,213	63,536

SOURCE: Total U.S. Production - Department of Energy, Energy Information Admininstration.

Federal Production - Department of the Interior, Minerals Management Service, Royalty Management Office.

NOTE: Data may not add to totals shown because of independent rounding.

BEST COPY AVAILABLE

TABLE A-11

ROYALTY REVENUES FROM FEDERAL COAL LEASES,
BY STATE: 1975 TO 1984

	FY 1975	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984
Total	$4,857,423	$24,568,692	$40,280,418	$61,062,456	$56,666,428	$57,797,590
Alabama	24,394	31,669	0	3,686	175,600	58,633
Alaska	51,438	0	0	0	0	0
Colorado	364,035	7,115,564	11,952,875	13,170,861	12,270,325	13,121,474
Kentucky	126,643	10,830	0	0	0	0
Montana	1,219,863	2,065,885	3,922,771	8,782,544	13,681,669	7,533,527
New Mexico	242,716	1,472,900	3,440,772	7,841,138	5,000,506	6,623,975
North Dakota	60,013	272,272	101,677	745,253	2,106,051	1,477,787
Oklahoma	43,199	826,942	1,009,820	1,110,490	606,141	147,678
Utah	456,480	3,968,073	5,094,133	5,833,291	7,611,949	6,004,792
Virginia	0	0	0	0	0	41,110
Washington	18,851	0	0	13,115	46,149	139,948
Wyoming	2,249,791	8,804,557	14,758,370	23,562,078	15,168,038	22,648,666

NOTE: Details may not add to total due due to rounding. The statistics for FY 1984 represent production and royalty reported during FY 1984 and adjustments made during FY 1984 for prior periods. The FY 1984 royalty management statistics may not represent actual production achieved in FY 1984 for the royalty accrued on that production due to adjustment for previous years. This data is unpublished.

SOURCE: U.S Department of the Interior, Minerals Management Service, Royalty Management Office.

BEST COPY AVAILABLE

TABLE A-12

FEDERAL COAL PRODUCTION, PRODUCTION VALUE, AND ROYALTY VALUE
FY 1973 TO 1984 1/ 2/

Fiscal Year	Coal Production (Thousand Tons)	Production Value (Thousand Dollars)	Royalty Value (Thousand Dollars)
1973	14,033	65,548	$2,199
1974	20,631	106,536	3,374
1975	26,897	168,727	4,857
1976	33,387	268,056	6,424
1977	50,355	433,600	9,853
1978	58,787	550,864	12,372
1979	59,141	699,234	16,119
1980	71,958	862,817	24,569
1981	94,645	1,198,764	40,280
1982	104,430	1,546,322	61,062
1983	105,449	1,550,462	56,667
1984	104,150	1,401,488	57,797

1/ All the 1973-1976 figures include public and acquired lands data and exclude Indian lands data as was reported in previous reports.

2/ All the 1977-1978 figures include public and acquired lands data. Data on production and value on acquired lands was excluded in previous reports.

NOTE: The data in this table are used in Figures A-5, A-6 and A-7.

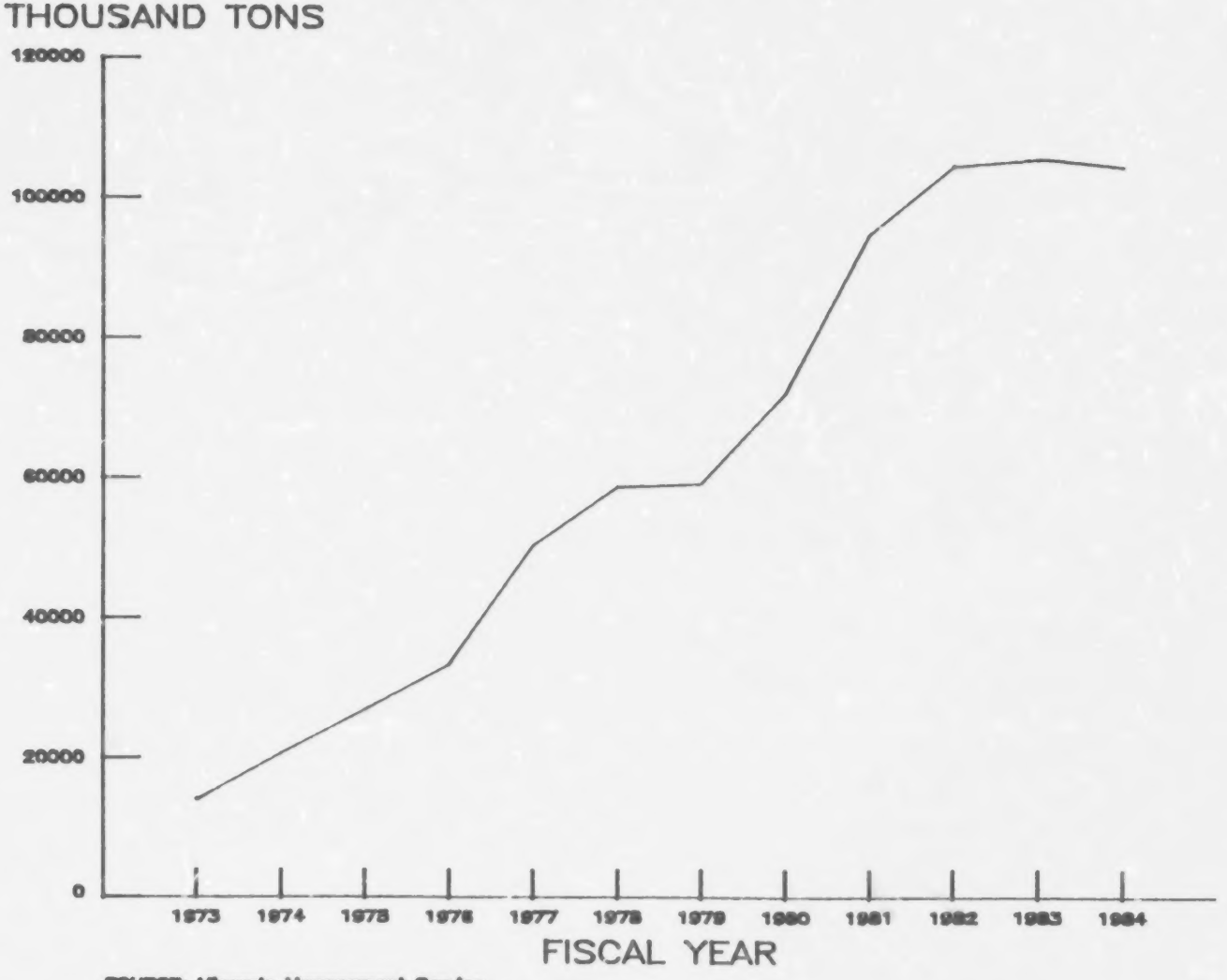
SOURCE: U.S. Department of the Interior, Geological Survey, Federal and Indian Lands Coal, Phosphate, Potash, Sodium, and other Mineral Production, Royalty Income, and Related Statistics, June 1981, for data for FY 1973-1975. Data for succeeding Fiscal Years is unpublished and is from Minerals Management Service, Royalty Management Office. 1984 estimated in part.

BEST COPY AVAILABLE

Figure A-5

Production from Federal Coal Leases

FY 1973 thru FY 1984



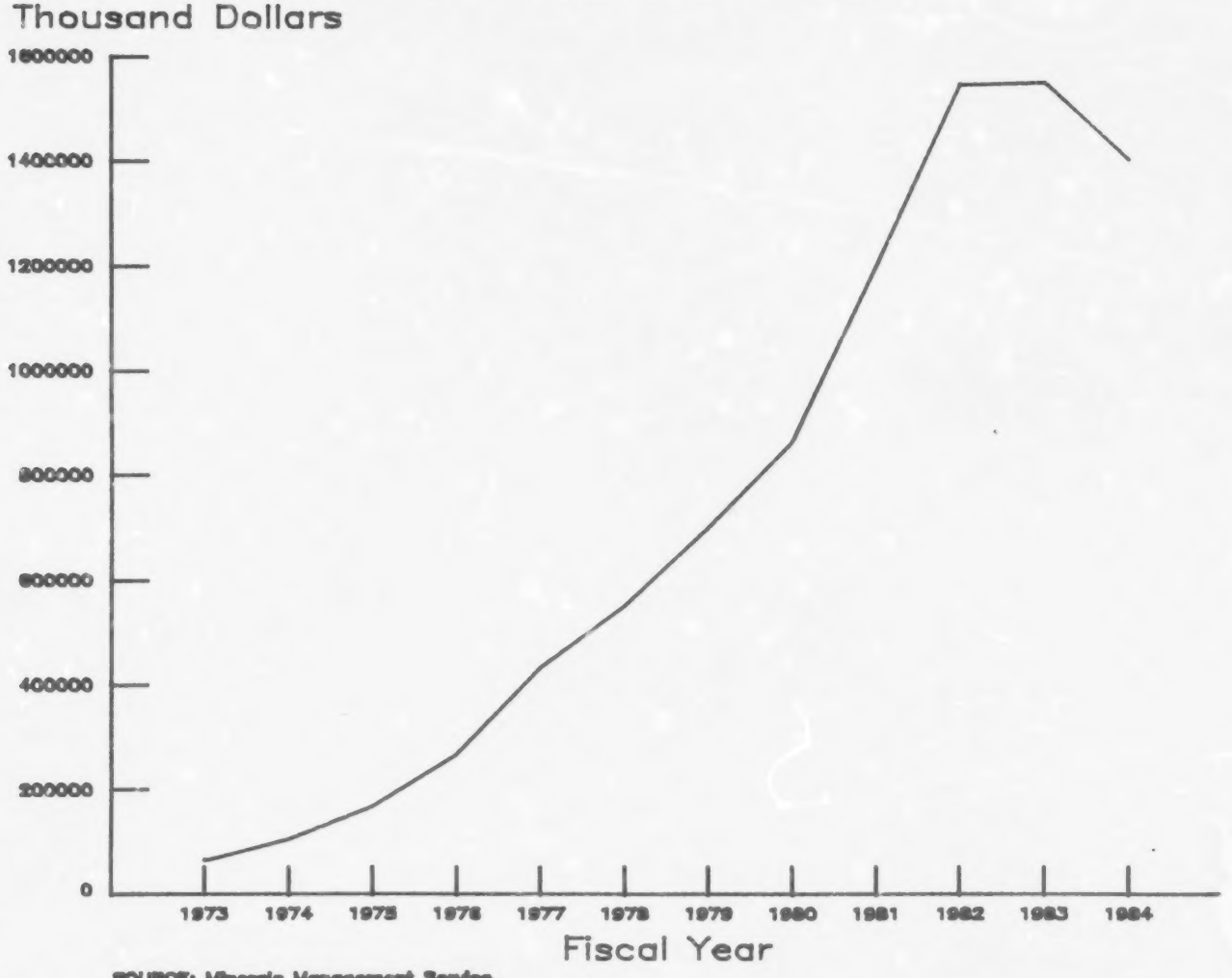
SOURCE: Minerals Management Service, Royalty Management Office, Dec., 1984

BEST COPY AVAILABLE

Figure A–6

Value of Production—Federal Coal Leases

FY 1973 thru FY 1984



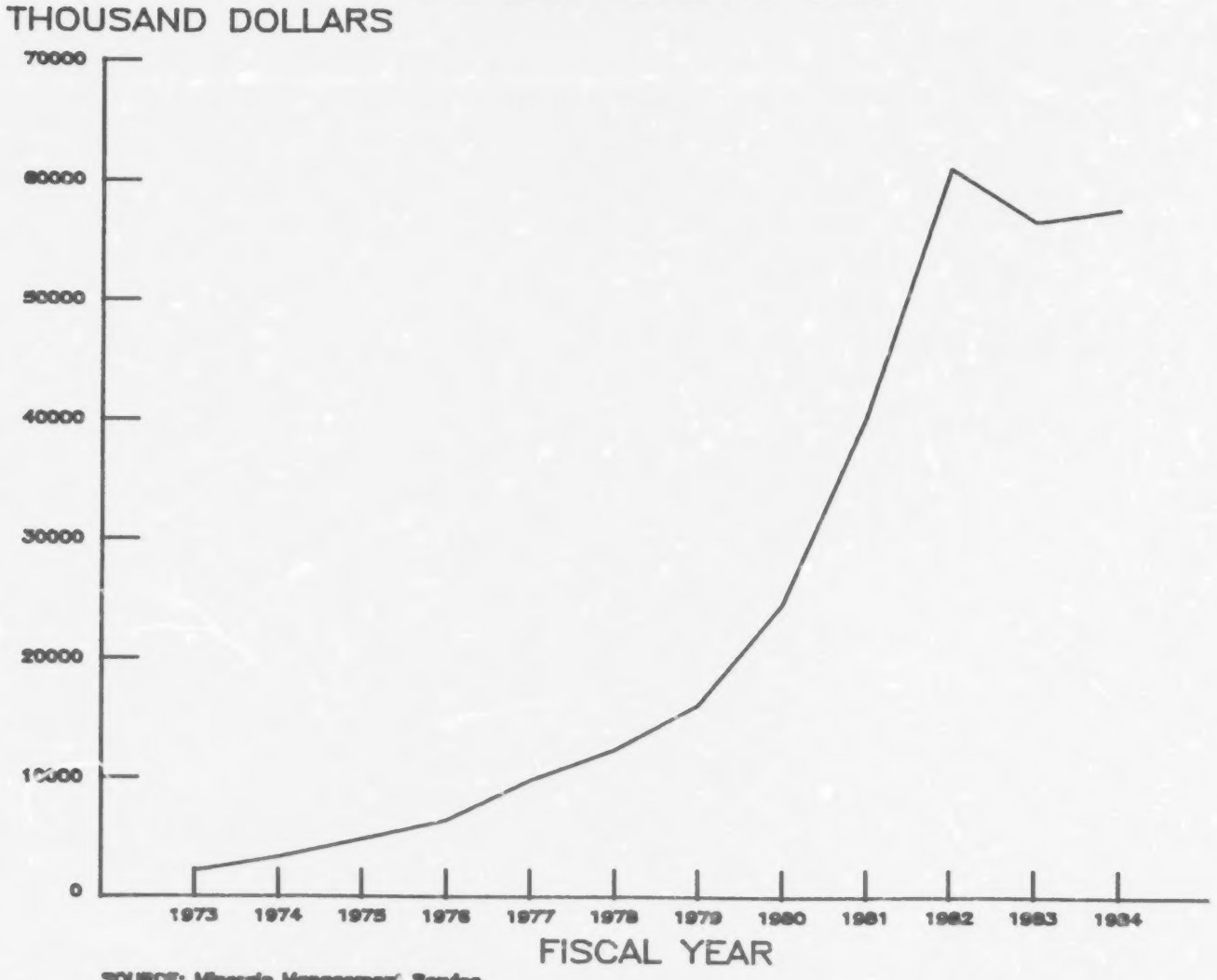
SOURCE: Minerals Management Service, Royalty Management Office, Dec., 1984.

BEST COPY Available

Figure A-7

Royalties from Federal Coal Leases

FY 1973 thru FY 1984

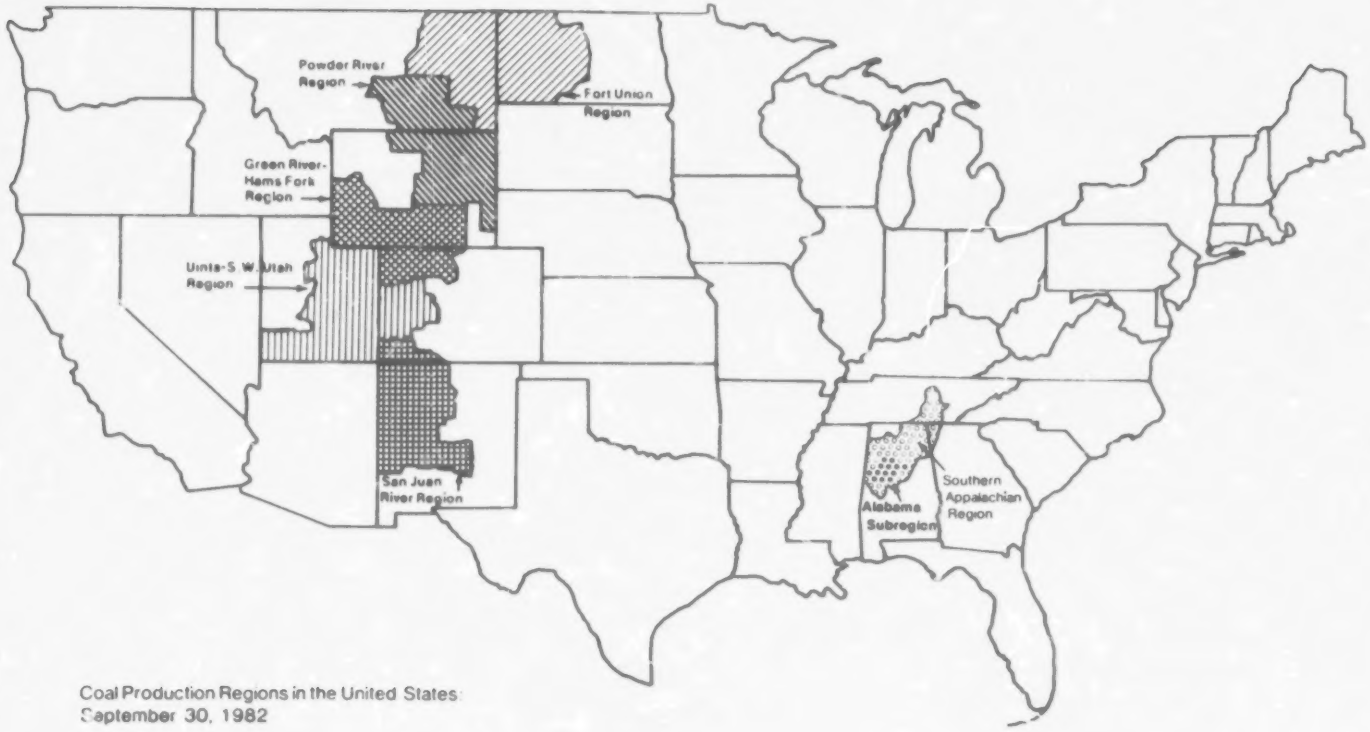


SOURCE: Minerals Management Service, Royalty Management Office, Dec., 1984.

BEST COPY AVAILABLE

BEST COPY AVAILABLE

Appendix B
Federal Coal Production Regions



Coal Production Regions in the United States:
September 30, 1982

GLOSSARY

ALMRS	Automated Lands and Minerals Record System
AML	Abandoned Mine Land
BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
BTCA	Best Technology Currently Available
CCASM	Citizens Concerned About Strip Mining
CREV	Coal Resource Economic Value
DD-CO	Diligent Development and Continued Operation
DOI	Department of the Interior
DOJ	Department of Justice
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
ESIS	Ecological Site Inventory System
FCLAA	Federal Coal Leasing Amendments Act
FLPMA	Federal Land Policy and Management Act
FMV	Fair Market Value
FR	Federal Register
FS	Forest Service (USDA)
FWS	Fish and Wildlife Service
FY 1984	Fiscal Year 1984 (October 1, 1983 to September 30, 1984)
GIS	Geographical Inventory Systems
GS	Geological Survey
IBLA	Interior Board of Land Appeals
IHICS	Integrated Habitat Inventory and Classification System
LMU	Logical Mining Unit
LUP	Land Use Plan
MFP	Management Framework Plan
MLLA	Mineral Lands Leasing Act
MMS	Minerals Management Service
MMS-RM	Minerals Management Service-Royalty Management
MOU	Memorandum of Understanding
NAWDEX	National Water Data Exchange System
NCRDS	National Coal Resources Data System
NEPA	National Environmental Policy Act
OSM	Office of Surface Mining Reclamation and Enforcement
OTA	Office of Technology Assessment
PRLA	Preference Right Lease Application
RAM	Rapid Assessment Method
RCT	Regional Coal Team
RMP	Resource Management Plan
R2P2	Resource Recovery and Protection Plan
SMCRA	Surface Mining Control and Reclamation Act
SRA	State Regulatory Authority
USDA	United States Department of Agriculture

BEST COPY AVAILABLE